THE SURVEY

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The Gist of It

THE Committee on the Costs of Medical Care has concluded its five years of research with a report and a series of recommendations that may well rank with the outstanding medical research in laboratories. For this body of forty-nine physicians, nurses, economists, sociologists and their staff set out to devise a way in which all of us may get all the medical and health services we need at a price we can afford to pay. The outstanding conclusion was that medical services should be organized in groups, on the one hand; and that patients, on the other hand, should be organized in groups and pay on the insurance principle. The final meetings of the Committee are being held as this issue of Survey Graphic is in press. The interpretation of its work (page 629) is by HAVEN EMERSON, M.D., a member of the executive group of the Committee.

FUNDAMENTAL among the studies made by the Committee was that of nine thousand families: how much they paid, and for what, over a period of twelve months. There were all sorts and conditions of families and of pocketbooks. They paid from nothing at all to staggering amounts, as for instance the family with an income of $1200 and a doctor's bill of $1000. Even those who were well-to-do got less care than they needed, and it was a soberingly small portion, particularly of preventive services, that went to Mr. and Mrs. Average and the little Averages. The report is interpreted (page 634) by MARY ROSS of the staff of Survey Graphic. The volumes embodying the studies of the Committee are to be published by the University of Chicago Press, to whom readers may write for publication dates and prices.

SINCE he established The American City in 1911, HAROLD S. BUTTENHEIM has been pressing steadily for better government and a more socialized administration. His articles and editorials are intensely practical, but now and then he takes wing for a flight into the blue, as in the delightful trip to Pragmatia, on page 637, where the advocates of the land tax and the advocates of the sales tax had it out at the polls. The article is based on an address before the National Municipal League, where it made a great hit.

WIDESPREAD interest in Gardner Jackson's article, Unknown Soldiers, in the July Graphic, led us to write to some hundreds of relief societies and committees, community chests and the like to find out what became of the Bonus Expeditionary Force. The replies to our inquiry are woven into a revealing narrative (page 640) by GERTRUDE SPRINGER, associate editor.

THE most significant contribution this fall to the statesmanship of dealing with unemployment is the report of the Ohio State Commission made public last month, and interpreted in this issue (page 643) by the chairman, WILLIAM M. LEISERSON. In unofficial life Mr. Leiserson is professor of economics at Antioch College, but he has a genius for combining his faculty work with undertakings in the practical world. Back in the days of The Pittsburgh Survey, he was one of the postgraduate students Prof. John R. Commons of the University of Wisconsin brought into the field to appraise labor conditions in the steel district. Thereafter, aside from his academic work as student at Madison and Columbia and as teacher at Toledo and Antioch, he has served successively as expert on unemployment, New York Commission on Employers' Liability and Unemployment; deputy industrial commissioner, Wisconsin; assistant director research investigation, U. S. Commission on Industrial Relations; consulting expert, Ohio State Council of Defense; U. S. Employment Service; chief, division of labor administration, U. S. Department of Labor; chairman, Labor Adjustment Board, clothing industry of Rochester, New York; chairman, Board of Arbitration, men's clothing industry of New York, Baltimore and Chicago.

NO ONE is better qualified than ARTHUR C. HOLDEN, member of several committees of the President's Conference on Home Building and Home Ownership, and one of the pioneer advocates of the principle that the house must be considered in relation to the neighborhood and district, to explode the fallacy that easy credit makes for sound home ownership. In his article on page 651 he explains why the Joneses were fortunate in not being able to keep up with the Browns, and outlines a method of home financing that will not result in wholesale foreclosures in bad times.

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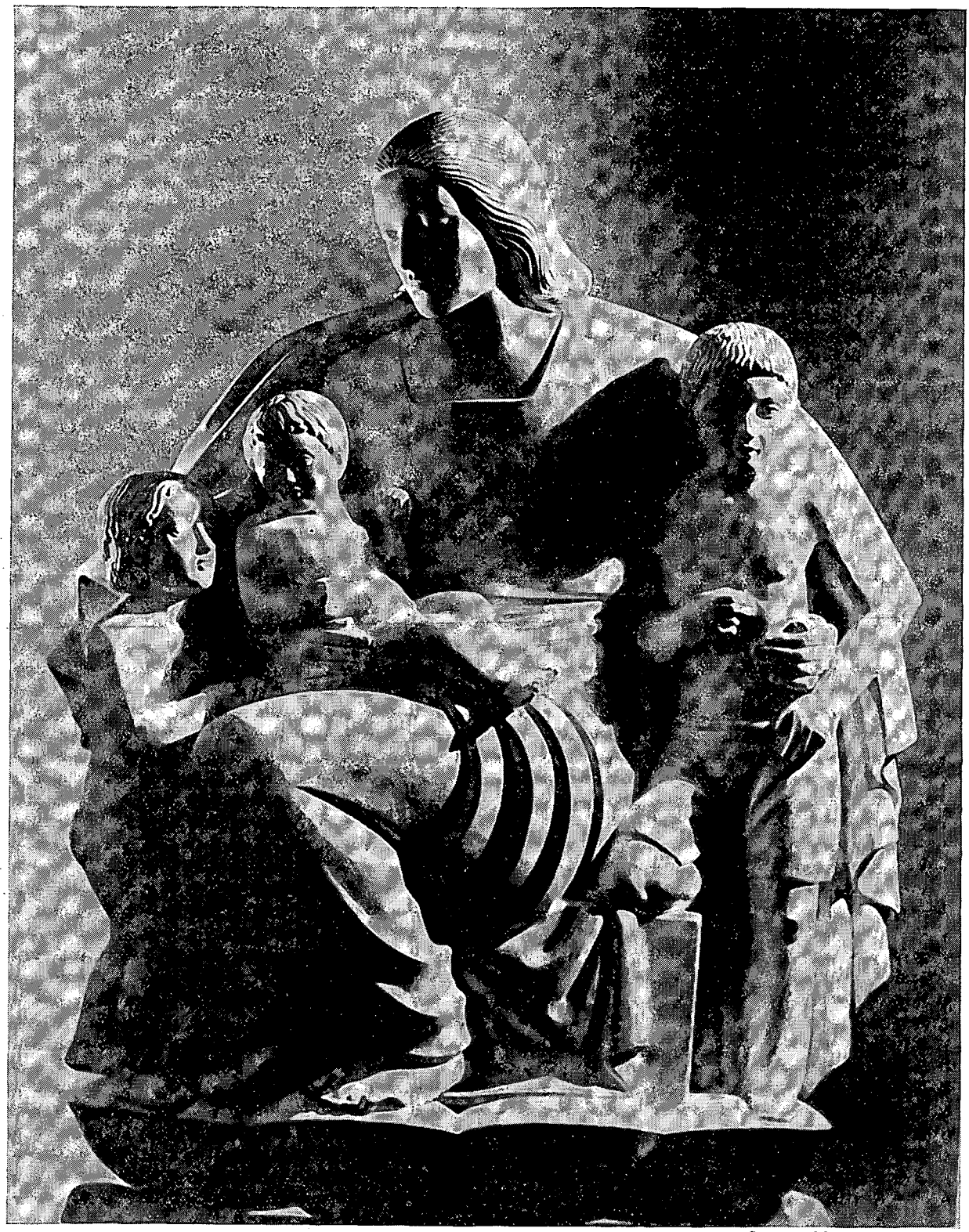

Courtesy of Creative Art, New York

CHARITY

BY PAUL MANSHIP

This fine group is one of four medallions on the pedestal of a new bronze statue of Abraham Lincoln, which was created by a distinguished American sculptor and dedicated at Fort Wayne, Indiana, by the Lincoln National Life Foundation. Lincoln is portrayed as a youth; the pedestal figures present attributes of the mature man—charity, justice, fortitude, patriotism. It is a notable addition to American public statues

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THE SURVEY
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Medical Care for All of Us

The Committee on the Costs of Medical Care Reports

By HAVEN EMERSON, M.D.

WHO wouldn't be interested? Have we what we need? Can we afford what we ought to have? What does good or adequate medical care consist of? Is there a job for all of us, as patients, or for a few of us, as doctors, dentists, nurses? What are the facts? What do they mean? What advice is offered that we may have better medical care at the present price, or that what we now buy may be had at a less cost, or that what the sciences and arts are capable of giving, and we of using, may be bought even though the cost be higher?

Should the profit motive be taken out of medical care? Will individual competitive personal service for sick and well meet the ambitions of doctor and patient in the next fifty years, as it seems to have satisfied the desires of the past five hundred? Can we safely tamper with the precious qualities of the best we know of now, for the sake of letting organization, mass production, business efficiency and communal coordination take their fling at medicine? Why is it so easy for Vermonters to pay $6 a year for drugs and so hard to pay $4 a year for hospital care or $6 a year for doctors? If a person is poor we nurse and care for him in sickness. If a county is poor or a city or state is poor shall Uncle Sam help the people to health?

AFTER a five-year effort some fifty men and women, as well qualified as may be, have brought forth a record of events unequalled in its revelations of the care and costs of medical science and art in the using, by the people of the United States.

Instead of demanding our attention to each of the twenty-five volumes of study reports already available this Committee on the Costs of Medical Care has concentrated in two terminal volumes the substance and essence, and the recommendations that evolve from the facts.

The Summary Volume (The Costs of Medical Care—The Economic Aspects of the Prevention and Care of Sickness), is not yet in our hands in print but will shortly be ready for reference. Those who have already absorbed its most concentrated facts proclaim its merits, and give abundant credit to the staff, really a graduate faculty of economists and sociologists, for rare good judgment in selecting critical fields of inquiry, for analytical and industrious pursuit of facts, and for scholarship and imagination in interpreting and presenting conclusions.

WHAT thrills us at the moment, however, and is pregnant with hope for consecutive effort towards accomplishment throughout the nation, is the Final Report of the Committee itself, after the battle of opinions is over, and the strength and weakness of accomplishment lie revealed to an inert and generally complacent although complaining public.

On last Tuesday night, November 29, a gesture of refined publicity gave notice that the laity who are the patients, and the professions who offer the care, are challenged to take action, if the wealth of accumulated magic now classified and controlled as the science and art of medicine is to add to the security, fullness, happiness and content of life, as they have already, willy-nilly, lengthened the usual duration of the days of man and his whole family.

The present situation

IN THE winter of 1927–28 Survey Graphic broke ground in a new and thorny field by a series of articles by Michael M. Davis on the costs of medical care, followed by a special issue, in January 1930, The Cost of Health. Many of the questions then raised are illuminated or answered by dozens of studies carried on during the past five years by the Committee on the Costs of Medical Care, representing doctors, dentists, nurses, hospitals and pharmacists, economists and sociologists, business leaders and the general public, under the chairmanship of Dr. Ray Lyman Wilbur, secretary of the interior. The Committee's conclusions and their plan to bring medical care within reach of everyone by organizing both physicians and patients, are here discussed by Haven Emerson, M.D., a member of the Committee, associate editor of Survey Graphic, former health commissioner of New York City, and now professor of public health practice at Columbia University.

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is outlined in Chapter One. Science has been a pacemaker too swift for the lumbering populace. The educational lag of our people is nowhere so damaging to themselves as in their indifference to the baffled onrush of the medical sciences, and their contributing practical arts of personal and communal health service.

Of course it is true that we, the 120,000,000 odd patients employ more than a million of our fellows to guard our health and give us care in sickness, and furthermore that we invest somewhat over three and a half billion dollars for doctors, et al., and drugs, to that end each year.

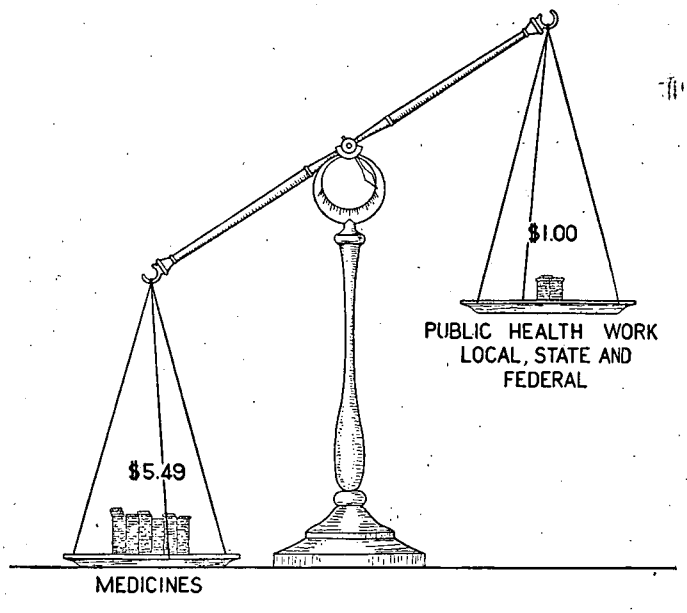
Generosity and individual ingenuity in redeeming his ailing fellow have characterized the private practitioner of medicine, but the medical and associated professions have found themselves but ill rewarded, often but partially used, and largely at the mercy of their own traditions, and of the barriers of poverty and ignorance which hold off great masses of those people most in need of both therapeutic and preventive care.

WHILE the summons of sickness is essentially the same, by family or individual index, among all the income levels of the people, families with $2000 a year or less receive significantly less medical service than do families with $5000 a year or over. Even the wealthy fail to use the services they really need.

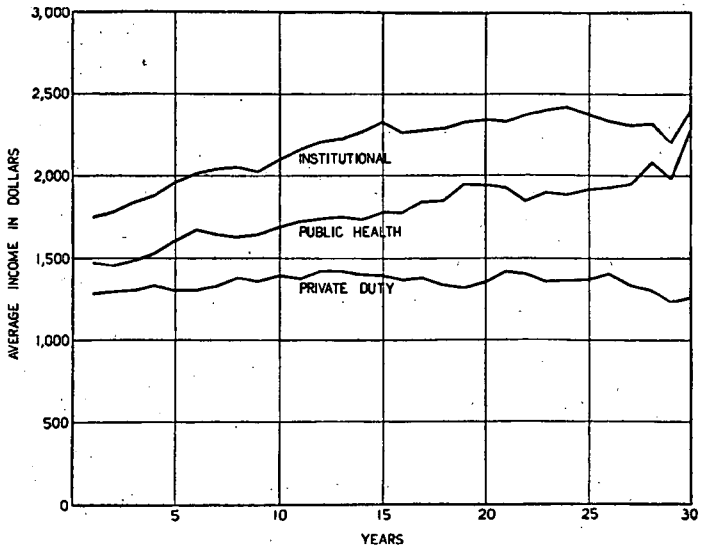
Comparing what people should have, as described in the volume, Fundamentals of Good Medical Care, not ideal or maximum, but of a good standard in present-day medical opinion, with what they either ask for or receive regardless of ability to pay, we find a sufficient cause of criticism of the patient to justify our loading him with a good share of blame. He seeks not a health examination commonly. He takes a chance with his wife's health in her pregnancy, and with their children when susceptible to disease. He doses himself and makes his own amateur diagnosis, to say nothing of his inveterate parsimony in the matter of health work.

Pain, and the fear of death, are still the whip-lashes that bring patients to medical attention. Society must step up its sensitivity to science before it will be found crowding the bargain counters of health.

With the record of spending thirty dollars apiece for sickness and thirty-one cents for health each year we convict ourselves



What each of us spends on drugs and public health



The nurses' pay envelopes over their years of service

of pittance policies in the great industry of self-protection and survival. Out of a grand total of ninety-four billions of national income the use of less than 4 percent to learn a way of healthy life seems not unreasonable, and doubtless the share would be enough if we spent it wisely.

THE dilemma of first magnitude is the inevitable unexpectedness of illness and its indifference to personal inequality of patients' income. With half of the family incomes of the United States falling at $2000 a year or below, and one quarter at $1400 or less, and with annual per capita incomes in normal times in eight of our states falling below $400, we are driven to seek a way of spreading the risk of incalculable sickness over groups of men and days, over families and years, so that the weight of physical suffering will not be supplemented by the burden of debt.

Each element in the costs of medical care must be equalized in its distribution if we are to progress, and the cost of physician, hospital, nurse and dentist must each be included in any plan for spread, lest the uncanny haphazardness of sickness upset the family budget. One third of all physicians in private practice, i. e., your own family doctors, had in the banner year of 1929 net annual incomes of less than $2500, and this in spite of an investment of time and money in their education exceeding that of any profession, and of compliance with more rigorous specifications for their state licensure than any other occupied persons must meet. For every physician with a net income of $10,000 there are two who receive less than $2500 a year. Profiteering or racketeering by physicians are not found to be elements of unreasonable medical costs, except where there are disproportional profits of specialization, and the splitting of fees between family physician and operating surgeon.

To offset the selfishness or deception of the few is the gross aggregate of voluntary free service by physicians, which appears to be of greater value in terms of money than all voluntary contributions for medical care from all other sources.

Of the nearly six billions invested in medical, dental and hospital equipment almost one billion is that of physicians and dentists in their own, and three and a half billion is that of the public in hospitals and the like, without expectation of financial return. It is upon the close partnership between the medically investing public and the practitioners of medical care in the building and operating of hospitals and dispensaries, that the Committee proposes the erection of a communal organiza-

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tion differing essentially in management and financial base from the obligatory insurance systems of Western Europe.

Apparently at least ten million people a year could be provided with excellent and theoretically wholly adequate medical care for the sum now wasted by the self-drug-dosers of the United States of America, the gullible drinkers of advertised and proprietary nostrums. This waste would largely cease if all medical essentials were available, and only these were provided, through the hospital dispensary and by physicians of the country attached to hospitals, as at least two thirds of them are at present. It costs less than a dollar a year to provide each member of our college communities with his medicaments for a year. Why does the less well-advised populace place its six dollars a year per capita on a gamble with patent medicines?

From twenty to thirty dollars a year if subscribed annually by each person of groups of five thousand or more of the general population, and used for the purchase of a central medical service organized by responsible and highly qualified physicians, dentists, and nurses, would quite certainly command a quality and quantity of all necessary medical and associated care beyond the experience of any such group in this country now, and far beyond the programs of any existing treatment or preventive institution at present, whether public or private.

As a matter of fact perhaps the most asocial part of our nation, the United States Army, has in the opinion of the Committee and in the expert judgment of its consulting surgeon and physician provided at Fort Benning, Georgia, a quality and amount of medical care that more nearly meets modern ideals for people of all economic groups than the most socialized of nations has attained anywhere overseas. If possible for the army at a cost of $30 why not practicable for the rest of us at $36?

CHAPTER two outlines the six essentials of a satisfactory medical program.

1. A safe-guarding of the quality of medical service while retaining the essential personal relationship between doctor and patient.
2. Provision for development of such preventive and therapeutic services in kind and amount as will meet the needs of all, and not merely their present effective demands.
3. Provision of services which the people can and will pay for through individual or collective resources.
4. Increase in the application of prevention, not only through medical care of the individual and in the family, but by well-organized and supported public-health services.
5. Direction of people in the selection of competent practitioners, and towards suitable facilities for medical care.
6. Adequate and assured payment to individuals and agencies providing the care.

For the attainment of this goal we are advised to:

Develop organized groups of physicians, dentists, nurses and their necessary colleagues of the laboratory and social sciences for the delivery of service from a hospital as the central institution;

Distribute over periods of time and groups of persons the costs of such service;

Create local and state planning boards to make effective the demand for services, and the common facilities to meet them.

The hazards of corporate domination of medical groups, the determination of the medical profession to exclude profit-earning lay groups from the field of medical care are accepted as determining limitations to be put upon any project such as a community medical service station or base hospital.

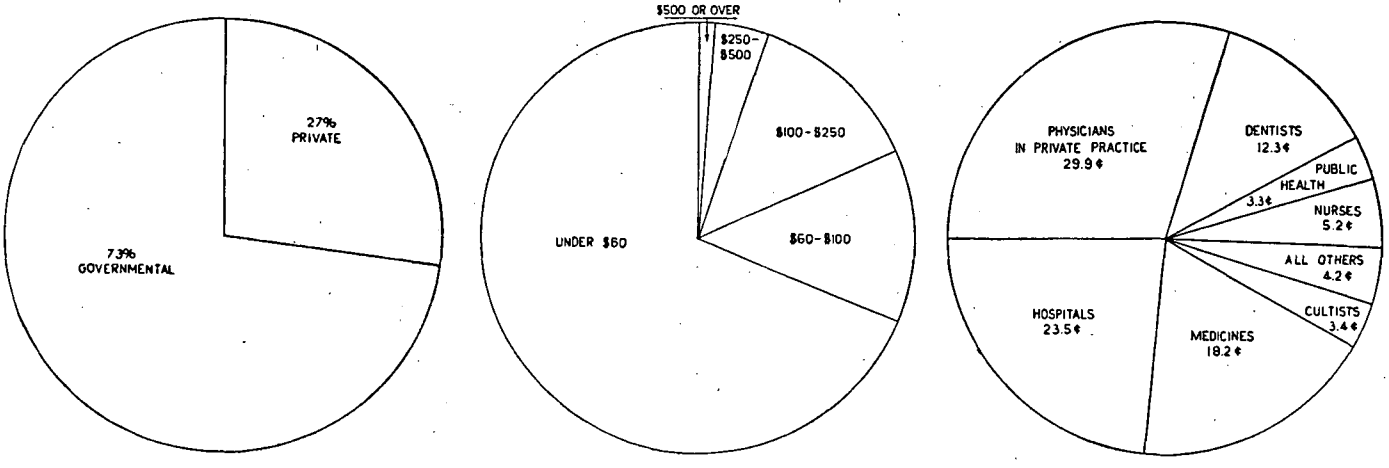
And again the pitfalls of compensating allowances to the sick are clearly recognized, to the point of advising a complete separation of any certification of illness for purposes of cash benefits from a service for sickness and health. Cash allowances to keep the family going while the wage earner recovers from sickness are needed, and keenly desired by him and his household, and must be in some way provided, but diagnosis of disease and its treatment suffer when the physician's opinion is subject to the pressure of those who see profit in a prolonged duration of certified disability.

The intervention of insurance companies is not advised and should be opposed in the interest of economy, and of independence of professional leadership in policies of medical care.

Tax funds which now meet about 14 percent of our annual bill for medical care will doubtless have to be increased, particularly where adjacent communities within the state or county show wide differences in income levels or resources.

CHAPTER three deals with the Committee's conception of an adequate type of medical organization to provide a complete service, and an effective method of paying for it.

Almost enough to achieve this is now being spent. But slight increases in personnel are needed. The net increase in cost, once the present wastes in useless self-medication and individualistic duplication of equipment are cut out, will be no more than the expected increase in national income within the next twenty years can readily absorb.



Medical Money: Left, hospital service, public and private. Mental hospitals account for "a large part" of the governmental share. Center, costs of medical care to 2815 families with incomes from $1200 to $2000. Over one quarter of them paid from $60 to $250. Right, how our medical dollar was spent in 1929. The total bill for the year was $3,647,000,000

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Social Medicine

MEDICINE is not an abstract body of knowledge used only in a laboratory. It is a living, developing science and art applied to, for and by human beings and subject to the idiosyncrasies of human character. It is a social as well as a biological science, and it has economic, psychological and sociological relationships. The effects on physical and mental health of mass unemployment, under-nutrition and poor housing should be studied by medical schools and form a part of medical instruction. The social background and interrelations of medicine should be as much a part of medical education as the chemical, bacteriological and physical backgrounds, and the point of view which regards medicine as a social science should permeate the entire professional training.

Every city or reasonably coherent suburban community of fifteen thousand population or over can support a non-profit medical service center, essentially a general hospital in the broadest sense. Personal relationship will be maintained even though all the local practitioners use the hospital for up- as well as for bed-patients. Visiting nursing will tie in with the hospital, and dentistry will be accommodated like any other medical speciality.

All but the care of the mentally sick and the tuberculous would be provided through this center, including social service and necessary medical supplies. Probably not more than a maximum of 200,000 people could be cared for through such a center and perhaps 100,000 would prove to be the optimum unit, using as it would a 500-bed hospital and fifty visiting nurses. Prevention and treatment, surgical specialties and educational guidance in health would be offered under such a scheme on a family or personal fee basis per annum, either uniform or adjusted to income. The care of those not able to pay their share would be met from tax funds as at present, by arrangements of a contractual nature with the center, such as prevail in many a city East and West today.

It is the comprehensiveness of this proposal and the altered basis for financial support alone which distinguish it to any important degree from the nature of activities carried on by many of our voluntary general hospitals, and even by some of our present-day tax-supported city hospitals.

As much as seventy million of our present population in or within twenty miles of our cities could with but relatively simple adjustments of control, professional and financial, be served by the development of hospitals operated on a basis familiar to Americans throughout the states.

Branch hospitals or service stations in smaller towns and rural areas, organically and professionally related to appropriate urban centers with specialist facilities available, would reach another forty million people, especially if traveling clinics so successfully developed by state and county health departments for tuberculosis, cancer and mental disease are used to reach distant groups.

REMEMBER that 116,000 of the 142,000 active doctors in medical practice are now associated with hospitals in one or more capacities, and a thousand of the hospitals already provide offices where some forty-five hundred physicians may diagnose and advise their private patients not bedridden.

More and more all medical policies and standards are left to the medical staff, and to an increasing extent the lay board carries the full financial responsibility. The patient is still unrepresented in the formation of policies and in determining bases for payment, scope of care needed, and in demands for the modern prevention of disease and health promotion.

Property control, professional standards, patient demand, each has its legitimate rights, powers and obligations which must in common equity be considered when a stable plan for medical care of a community is adopted. Middlemen, insurance brokers, agents of promotion and sales control by either trustees, doctors or patients are equally undesirable and unnecessary, as well as costly.

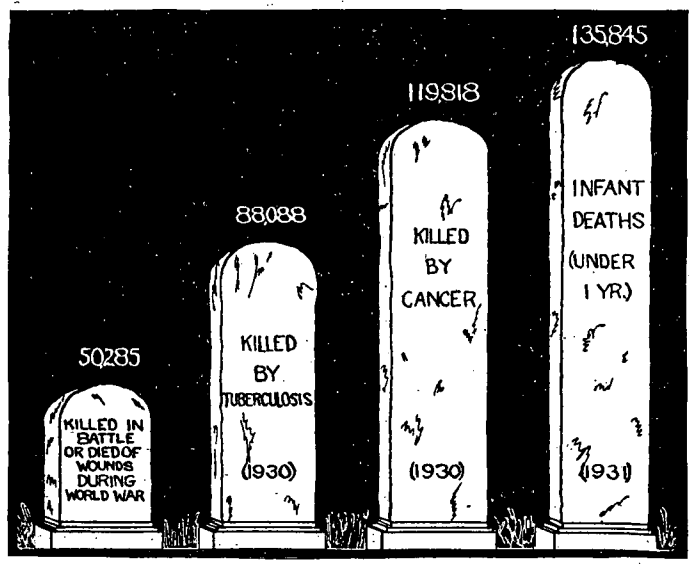
Depending upon the effective demand for some or all of the desirable elements of a complete medical service for sick and well, and upon local costs of living and adequacy of existing investment in plant and equipment, the annual individual payment should fall between twenty and forty dollars a year, and this might be met wholly by monthly or more frequently by voluntary assessments, i.e., insurance in full, or by tax funds devoted to this purpose, as for police and fire protection, or by both on some equitable sharing of costs, the last being a method of choice most nearly in keeping with American custom and social development.

Such a program for care and payment should replace support of cults, stop fee splitting, cut out most patent medicine waste, and bring competent care in reach of those who need it.

CHAPTER four describes some twenty-four varieties of experiments under assorted sponsorships now on trial in the United States, and reviews the major efforts to bring modern medicine to the multitude in England, Germany, Denmark and France.

Three projects are in full career under physician auspices, the Care of Indigents by County Medical Societies, Joint Use of Professional Personnel and Equipment, and Private Group Clinics, the latter only being of sufficient magnitude to permit of details of study. In group clinics such savings in cost as develop go mostly to more medical income, rather than to service betterment, or to reduction in patient payments.

The consumer has developed four service types, under Workmen's Compensation, medical care organized by employers, by employes, and by the two jointly. Communities aided by medical participation have sponsored eleven different types of medical service agency: the moderate-rate hospital; pay clinics; private office practice in hospitals; visiting nursing; nurse midwives; nurse attendants; government health serv-



"Human life in the U. S. is being wasted as recklessly, as surely, in times of peace as in times of war"

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ices; tax supported or subsidized rural physicians; insurance for high cost or hospital illness; university medical services; health, hospital, and nursing councils.

In one type of service of joint supervision, consumer or patient groups have combined with the professionals, the periodic payment group clinic. Commercial sponsorship has developed the system of instalment payment through loan companies, "health insurance" through insurance companies and medical benefit corporations operated for profit.

Ferment of dissatisfaction among the served and the servers is evident. Some plans are selfish, others unsound in principle and weak in practice. A few promise to endure because of inherent worth. The best wherever found can well become part of the central service plan as proposed by the Committee.

THE concluding chapter elaborates upon the five recommendations by which the industry, reasonableness, imagination and courage of the Committee will in the end be judged by patients and doctors, who as Kipling has told us make up our entire contemporary cosmos. In summary:

1. The medical care we need at a cost we can afford:
2. A problem not barriered by man's biology, and hence soluble:
3. The solution varying with the human factors from town to town, and no one claimed as panacea for all:
4. A goal transcending institutions or traditions, an aim superior to organization:
5. Recommendations qualified in scope and urgency, for city and county, for now and the future:
6. Action immediate and eventual:
7. Growth of plans out of American experience and social concept, rather than imitation or adoption of foreign forms:
8. Contemporary depression no excuse for craven thinking for the future:
9. Inseparable interests of patient and physician compelling mutual consideration and highest ethics for sake of both:
10. Pragmatism not dogmatism the slogan of evolutionary reform.

All the recommendations are obviously built upon existing institutions and practices, whose personnel and functions are to be incorporated more effectively by concentration of resources and expansion of usefulness to reach the greatest number of people and the highest practical level of quality of care.

An illuminating personal statement by Prof. Walton Hamilton of the Committee is added, not in antipathy to the Committee's report, but as a challenge of strongly held ideals, and an individual and rugged philosophy based on an historical approach to the subject of medical care.

Edgar Sydenstricker explained his unwillingness to sign the report by his opinion that it does not deal adequately with the fundamental economic question which the Committee as he understood it was formed primarily to study and consider.

A half dozen physicians, more imbued than the rest of the medical members of the Committee with the present excellencies of private family practice, present a minority report which rings with resentment, and overflows with ambitious and unverified claims of accomplishment and promises of future progress. Stung with even the gentlest implications of medical inertia and lack of effective leadership, and registering radical opposition to the first three recommendations of the Committee, they object to the proposed medical service center as a probable creator of medical hierarchies, obstruction to free competition, cause of greater cost to patients, and destroyer of the personal relationship between patient and physician.

They offer seven recommendations of their own for good measure and advice:

1. That government competition in the practice of medicine be discontinued and that its activities be restricted (a) to the care of the indigent and of those patients with diseases which can be cared for only in governmental institutions; (b) to the promotion of public health; (c) to the support of the medical departments of the Army and Navy, Coast and Geodetic Survey, and other government services which cannot because of their nature or location be served by the general medical profession; and (d) to the care of veterans suffering from *bona fide* service-connected disabilities and diseases, except in the case of tuberculosis and nervous and mental diseases.
2. That government care of the indigent be expanded with the ultimate object of relieving the medical profession of this burden.
3. That the study, evaluation and coordination of medical service be considered important functions for every state and local community, that agencies be formed to exercise these functions, and that the coordination of rural with urban services receive special attention. [Agrees with the Committee's recommendation 4.] (*Continued on page 659*)

Recommendations of the Committee on the Costs of Medical Care

1. The Committee recommends that medical service, both preventive and therapeutic, should be furnished largely by organized groups of physicians, dentists, nurses, pharmacists and other associated personnel. Such groups should be organized, preferably around a hospital, for rendering complete home, office and hospital care. The form of organization should encourage the maintenance of high standards and the development or preservation of a personal relation between patient and physician.

2. The Committee recommends the extension of all basic public-health services—whether provided by governmental or non-governmental agencies—so that they will be available to the entire population according to its needs. This extension requires primarily increased financial support for official health departments and full-time trained health officers whose tenure is dependent only upon professional and administrative competence.

3. The Committee recommends that the costs of medical care be placed on a group payment basis, through the use of insurance, through the use of taxation, or through the use of both these methods. This is not meant to preclude the continuation of medical service provided on an individual fee basis for those who prefer the present method. Cash benefits, i.e., compensation for wage-loss due to illness, if and when provided, should be separate from medical services.

4. The Committee recommends that the study, evaluation and coordination of medical service be considered important functions for every state and local community, that agencies be formed to exercise these functions, and that the coordination of rural with urban services receive special care.

5. In the field of professional education the Committee makes the following recommendations: (a) That the training of physicians give increasing emphasis to the teaching of health and the prevention of disease; that more effective efforts be made to provide trained health officers; that the social aspects of medical practice receive greater attention; that specialties be restricted to those specially qualified; and that postgraduate educational opportunities be increased; (b) that dental students receive a broader educational background; (c) that pharmaceutical education place more stress on the pharmacist's responsibilities and opportunities for public service; (d) that nursing education be thoroughly remoulded to provide well-educated and well-qualified registered nurses; (e) that less thoroughly trained but competent nursing aids or attendants be provided; (f) that adequate training for nurse-midwives be provided; and (g) that opportunities be offered for the systematic training of hospital and clinic administrators.

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The Family Bill for Sickness

By MARY ROSS

Drawings by Helen B. Phelps

THEY would have made a town about the size of Fitchburg, Massachusetts, or Quincy, Illinois, these thirty-nine thousand Americans whose bills for health and sickness through a year were gathered by the Committee on the Costs of Medical Care. They were not collected in one town, however, but scattered through 130 communities in seventeen states, some in the cities, some in towns or villages, some in homes up dirt roads in remote country districts. In family income they ranged much as do American families in general, from people with only the barest necessities to those with $10,000 and upward a year; in ages from the newborn to grandparents. Records from each of the nearly nine thousand families covered a twelve-month period, and the time included in just proportions both the good years of 1928-9 and the lean ones following. Except for the fact that no Negro families were included these records are a true cross-section showing how illness hits the American family pocketbook.

Introducing the "Average" Family

The hypothetical average family that emerges from the statistics had 4.4 members and an income of $2605 a year. The family had 3.8 illnesses during the year or about four fifths of an illness per person. (An illness was defined as any disorder which incapacitated a person wholly or partially for as much as a day or any experience for which medical service was received or for which drugs were purchased to the amount of at least fifty cents.) The average member of the average family spent three and a half days in bed during a year because of illness; the housewife "lost" 8.3 days, the school children six apiece. A third of all the illnesses were coughs and colds; the next most important in number, accidents and minor digestive upsets. One illness in fourteen required a stay in the hospital. The average family found illness was twice as common at its peak in the winter (December in the South, January and February in the North) as at its low point in summer. It was most frequent among the babies and young children of the family, least common among young people between 15 and 19. At all ages above 15 girls and women were ill more often than men.

This average family incurred sickness bills of $108.14 in a year, a little more than 4 percent of their income: $43.05 of this was for the services of doctors, a third of it for surgeons; $19.98 for the dentist; $14.09 for hospitals, $13.96 for drugs and medicine, $8.80 for nurses, and the rest for glasses, "secondary and sectarian practitioners" (mental healers, chiropodists, midwives, and so on) and all other costs. Their payments for medical expenses during a year amounted to 96.8 percent of their bills.

Some Things that Averages Conceal

Needless to say this picture of the hypothetical average conceals more than it reveals the problems that hit the families one by one. The essence of sickness is that its burdens fall unevenly, usually without warning and without escape. During the year of study nearly half of the people of the survey reported no illness at all. (This does not mean necessarily that they had no condition that needed care.) A further third had one illness, one in seven had two illnesses, and one in fourteen three illnesses or more. The amount and kind of illness that hit a particular family in any given year will naturally make wide differences in their bills. Costs vary also according to the place where the family lives; while the average for the whole group was $108.14 a year, in the large cities the average was $148.84 and in the small towns and rural districts, $78.64. In any particular community, bills vary according to the family's income. In the large city, for example, the average yearly cost was $77.64 for families with incomes of less than $1200 income and $551.09 for those with $10,000 and more; corresponding figures for the small town and country are $44.18 and $390.25. Typically in the small place incomes are lower than in the large cities; even so the percentage of the family income that went to medical bills is somewhat higher in the city than in the country, 4.3 percent for cities of 100,000 and more in contrast to 3.8 in places of less than 5000. This difference is due to the high proportions of income paid out by the poorest city families, whose medical expenditures average 8.2 percent of family income in contrast to city families with $5000 and more whose expenditures came to just over 4 percent.

Breaking down the average still further for either rich or poor, city or country people, one comes to the appalling individual stories. There were families with incomes of less than $1200 who had bills of more than $1000. Charges totalling more than $1000, in fact, faced two families out of every hundred in the large cities, one family in a hundred in the medium-

NEARLY 9000 families and their account books went into the making of the most vivid and conclusive story yet told of the place of sickness in American family budgets, a study conducted by the Committee on the Costs of Medical Care with the aid of the many generous nurses who volunteered their time to visit the homes of health officers and agencies, physicians, the United States Public Health Service and the families themselves. The Committee's findings have just been released in the volume on which this article is based: The Incidence of Illness and Receipt and Cost of Medical Care Among Representative Families, by I. S. Falk, Margaret C. Klem, and Nathan Sinai: University of Chicago Press; Publication No. 26 of The Committee on the Costs of Medical Care.

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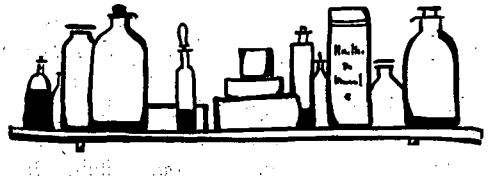
sized cities, and one in two hundred in the villages and country. The elephant's share of the burden of medical costs was carried by the few unlucky ones. Only one family in ten had charges of $250 or more, but their bills made up 41 percent of the total incurred by all the families. Only one family in twenty-five had charges of $500 and upwards: but their aggregate burden was one fifth of the whole. At one extreme, 58 out of 100 families had bills of $24, while at the other about 4 out of 100 had bills of $804. As the report points out, "The problems of the costs of medical care are rarely concerned with the ability of the family to meet the average cost. The difficulties are ordinarily concerned with the ability to pay for unusually frequent or unusually expensive illness—especially when illness strikes the wage-earner." High as they are in the unlucky cases, the figures above show only a part of the whole burden that illness of a wage-earner puts upon the family.

What They Got For Their Money



In city and country, among families with small income and with large, practically all bought drugs and medicines during the course of a year. Nearly all used the services of a physician for some one of their members, the percentages in this case running upward from 77 percent of the poorest families in the large cities to 100 percent of the wealthiest town and country families. From 15 to 37.5 percent of the families made some use of hospitals, the figures being higher in general in the large and middle-sized cities than in the smaller places where hospitals may be less accessible and where homes are more expansive. In the large cities more of the very poor got more hospital care than the poor or the moderately well-to-do, but not as many as among families with incomes of $5000 and upward. In the small places fewer of the poor had care than those further up the economic ladder. The report comments that the claim often is made that medical care has been provided for the poor but that the facts show that while they may get it in large cities —especially in the form of hospital care, there still is a lack of hospital as of other care in the country. Nearly one family in five had some nursing care in the course of a year. Here again the families with less than $1200 a year fared better in the big and middle-sized cities than those with incomes of $2000, $3000 or even $5000. In fact, in the middle cities the nursing care went to a larger percentage of the poorest families than of the richest. These figures reflect the use of free visiting nurse service in the cities; when free visiting nursing is excluded, the range of those who had nursing is from one family in twenty-five among the very poor to one family in three of the rich. Dentistry likewise was used more commonly in the large cities than in small places and by the rich than the poor. From 60 to 70 percent of the poorest families had no dental service for any member of the family, and from 0 to 10 percent of the richest.

Some Got One Third of a Doctor

In another study the Committee on the Costs of Medical Care has made a careful analysis of what may be considered good medical service. (The Fundamentals of Good Medical Care, by Roger I. Lee, Lewis W. Jones and Barbara Jones. The University of Chicago Press.) Measured by the careful standards set by the study, it becomes evident that not even the richest group of families got adequate medical service. The standard finds, for example, that such a group as this study includes needs nearly two and one half times as many physicians' visits as these families actually had, nearly twice as many days of hospital care. The degree of lack went up as the income went down: those in the lowest group had only one third as many physicians' visits as the standard finds necessary; those in the highest, four fifths as many. The Fundamentals study assumes that all persons three years of age and over shall receive some dental attention, but in the actual families only one out of five saw a dentist during the course of a year—the ratios varying by economic groups from one out of eight among the poorest to three out of five for the richest. For adequate maternity care the Fundamentals study shows a standard of approximately twenty prenatal and postnatal visits for each maternity case: in this actual experience, the poorest averaged seven, the wealthiest thirteen.

Whether or not a family gets good medical care depends on a number of questions: Do they know what it is? Can they find it in their community? Do they want it? Can they pay for it? All of these factors entered into the story of the nine thousand families. The lesser amounts of hospital care and nursing service in the country districts probably measured actual lack of hospitals and nurses as well as differing needs. When it came to preventive medicine, the families in all the communities showed a distinct lack of knowledge of interest or means or all three. Only a penny and a half of each dollar of medical charges went for periodic health examinations and immunization against disease; even the richest, with incomes of $10,000 and upward, spent less than three cents of each dollar for these. Periodic health examinations were about one twelfth as common as the Fundamentals study shows desirable, and that fraction would have been even smaller if the survey had ruled out required examinations for life insurance, camps, schools and jobs for which the individual took no initiative and in general incurred no expense. Only one third as many immunizations were performed as good medical practice specifies, though in most places these can be obtained without charge if one is unable to pay. Even among the wealthiest, as has been mentioned, two persons in five failed to visit a dentist during the year.

The way in which the volume of medical care went down with the means of the family shows what the report calls the restraint exercised by family income upon illness. The amount of illness reported by the families was greater among the rich than among the poor. This might be interpreted cheerfully to mean that the poor are hardier than the rich, or that the rich, having the means to do so, enjoy the luxury of fancied illnesses. But when even the rich were not getting the amount of medical care deemed desirable for a group of their numbers and ages, it seemed far more likely to the interpreters of the study that the poor failed to recognize actual illness because they could not afford to. For the group as a whole the average number of illnesses a year increased steadily with income from .79 per person in families with less than $1200 to 1.2 per person for those with $10,000 and over. The only exception in this rising scale was that in the large cities people with less than $1200 a year had a higher average rate of illness than those just above them in income, possibly suggesting that people eligible for free care where there are clinics and hospitals can afford to be sick when those not eligible though also poor must overlook aches and pains. All in all, the surveyors concluded, the figures showed that the need for care was substantially the same in the various income classes, while the differences in the amount of care received were due not to greater need by the rich but to their ability to pay for it. The only point at which

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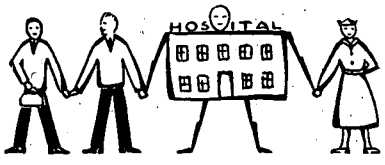
the rich might have been pampering themselves was in their use of special nurses in hospitalized illness.

Only in families who have more than $5000 a year does the size of the bill increase with the size of the family. Among those who had less than $1200 a year, the average bill was $46 whether the family included three persons or eight. The same amount of money had to spread as best it could. In the group with $1200 to $2000 a year, the families with one and two persons actually spent more than any group of the larger families. The bitter extent to which income limits the demand for medical care appears also in tabulations that show the costs in relation to age. Young adult life receives extensive or expensive medical attention only among the rich, and old age also is apparently neglected among the poor. "Apparently in the lower income families," the report concludes, "only a small amount is squeezed from the budget for medical care, and this amount tends to become less rather than more as the number in the family increases."

Bills Big and Little

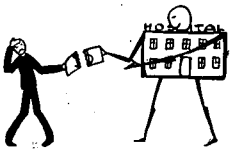


The drain of medical charges on the family purse is of two quite different kinds: the occasional or even frequent minor illness with costs that may be met without trouble, and the expensive illness, which though rare, may be a financial catastrophe even for the well-to-do. Analysis of account books showed that among the families who had bills of less than $60 in the year many had had some service from physicians but few had had hospital or nursing care. Among those whose bills totalled $100 or more nearly all had had physicians' services, many or most had been served by hospitals, and many had used nurses as well. The cost of hospitalized illness (including in this not only the hospital bill but also the doctors', nurses' and other incidental fees) consumed half of the total amount that the families paid for medical care. This percentage was the same for both rich and poor, though the average cost of a hospitalized illness rose from $67 for the families with less than $1200 to $470 for those with more than $10,000. Despite provisions for free or nominally paid hospital care, the poor paid as large a share of their medical money for hospitalized illness as did the rich.

The big bill is ominous not only for the families who owe it but to those to whom it is due, since it is the bill least likely to be paid. Not the least surprising finding of the study in general is that on the whole these families paid in a year nearly 97 percent of the amounts for which they were billed, despite the tradition that medical bills are the last to be met. Nonpayment of doctors' bills has been found to amount to from 10 to 20 percent of their gross charges in an ordinary year, but it must be remembered that the doctors' share was only 40 percent of the costs incurred by these people. Detailed examination of the bills showed, however, that among both poor and rich, when the year's bills were $40 or less, the families' medical payments exceeded their current charges: in other words, they were paying not only the low current bills, but also overhanging ones due for previous illnesses. When the year's charges were more than $100, only the well-to-do were keeping even with the costs.

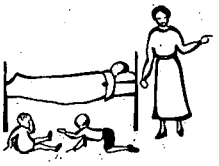
What is surprising is that the poor paid as much as they did. The *average* charges incurred by the poorest families in the large cities amounted to 9 percent of their income, a proportion more than twice as great as that obtaining among the well-to-do. The report comments moderately that "It is difficult to accept with composure a finding that the obligations for medical care consume one dollar in each eleven," and the difficulty becomes greater as one remembers that the income under $1200 fails to meet even the barest cost of a city family's living. "It is not altogether true that expenditures are less than charges among the poor; the poor as well as the rich spend as much as they are charged if their charges are low." The bewildering fact was that when families with less than $2000 income had bills of $500–$1000, the city families paid three quarters of their charges within the year; the town families, 89 percent, and the village and country families 94 percent.

What Made the Big Bills Big



The chief items in the medical bill are the charges for physician, dentist, hospital, nurse and medicine. It might be the undue cost of any one of these that brings the tragedy of the big bill. The surveyors made elaborate analyses of the bills, substituting average charges for the actual ones in each category to see which substitution, if any, would bring the whole bill for a family within the average range for the group. When people have complained against the uncertainty of medical costs, physicians have claimed that the responsibility lay with the hospital or the dentist or the nurse; hospital authorities were sure that it lay with the physician, dentist, or nurse; and dentists and nurses have been equally confident that it was due to the others. But the analysis showed, in the words of the report, that "All are equally to blame and yet none is to blame." The haphazard chance that brings the big bill is dependent not upon any one of these services, but on "variations in need for medical care and in the kinds and amounts of services entailed by illness." In other words, it was the unevenness of sickness itself which was to blame.

Spreading the Risks of Sickness



Viewing these nine thousand families the surveyors saw, in brief, a group of people whose needs for medical care were substantially the same, regardless of income. Between their needs and the care they got lay a barrier of ignorance and of inability to pay; not even the richest had all the care they needed. By and large these families were almost pathetically willing to pay for medical care; it often was hard to see how they had managed as well as they did. Families at all levels of the economic ladder except the lowest spent about 4 percent of their income, on an average, for the costs of medical care. At the top of the economic scale this fraction bought the care the family desired. Further down the ladder the same fraction, yielding at each lower rung a smaller amount of money and buying lesser amounts of care, gave only what they could afford. The free care available to the poor far from compensated for their poverty; they had less medical service but paid bills actually far greater in proportion to their incomes.

The trouble with medical costs could not be laid at the doorstep of doctor, hospital, dentist or nurse. Except for the poorest families, the trouble was not due to the *average* cost of medical care but to the big bills that fell on a few, bringing expenses out of all proportion to even large incomes. The trouble was the risk of illness, a potential risk hovering over all the families but actually striking only a fraction of them during a year. Divided up among them the cost of illness would have been tolerable to all but the poorest. Falling as it did, it brought intolerable bills to many for service (*Continued on page* 671)

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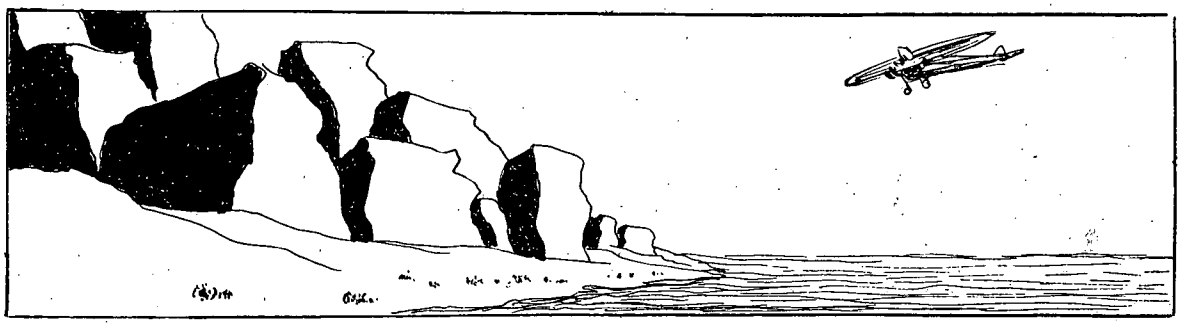

The Discovery of Pragmatia in 1952

A Pragmatic Experiment with Taxes

By HAROLD S. BUTTENHEIM

Drawings by Hendrik Willem Van Loon

IN 1952—twenty years hence—two leaders in political and economic thought set forth from the United States on an airplane trip around the world. Somewhere in the vicinity of the lost Atlantis they were blown off their course an indefinite number of leagues, and awoke one fine morning in sight of a continent hitherto unknown except to its own inhabitants.

By an almost Providential coincidence the arrival of these American notables was at the height of one of the most significant Parliamentary election campaigns which that land of Pragmatia—for so it was called—had ever held. The story was first published in detail in the Survey Graphic of December 1952. Its authorship may be credited to the two political scientists just mentioned—the president and the secretary that year of the National Municipal League. Their report follows in full text:

By Radio from Pragmatia to America

THE discovery of Pragmatia, as is already known, created a profound sensation among geographers and ethnologists unable to believe that a continent in a high state of development, a thousand by five hundred miles in area, had hitherto eluded their knowledge. The rest of the world can learn much from Pragmatic civilization. In the opinion of the authors of this report, however, by far the greatest benefit to mankind from the fortuitous draft of wind which impelled the airship America into sight of the Pragmatian shores is that to be derived from the experiment in taxation whose story is now told for the first time to the outside world.

Back in 1932, its historians tell us, Pragmatia was suffering from an industrial depression no less severe than that which our histories record for the same year in the United States and other lands. Big business and big finance, emboldened by their sturdy individualism, had turned up their sturdy palms in supplication for enormous governmental loans. Simultaneously embattled taxpayers demanded deep cuts in governmental costs and much lightening of what they dolefully called their intolerable tax burdens.

Gradually the belief became widespread among leaders in business and government that drastic changes in the incidence of taxation might prove to be vastly more beneficial and practicable than drastic reductions in public expenditures.

Two schools of thought—or opinion—became the chief contenders for popular support: the school of the sales tax, and the school of the land tax. Fortunately Pragmatia was blessed with a pliant constitution which made experimentation easy; and its citizens were not constitutionally averse to the pragmatic method of testing governmental theories.

THE nation consisted of two great provinces, each having some 250,000 square miles of area, with approximately equal advantages in climate, fertility, and natural resources. In the Province of the Right, which had been the earlier settled of the two, the population in 1932 was about twelve million, as against some eight million in the Province of the Left. The Right had much the greater accumulation of capital wealth; but investigation does not reveal that for the mass of the people any higher average of happiness or prosperity had been achieved—even in normal times—than for the workers of the Left.

Before the year 1932 had ended, the Legislatures of the two provinces had reached an agreement, with the consent of the National Parliament, to apply a twenty-year test to the two dominant theories of taxation. Most of the solons of the Right favored the sales-tax theory; while the land-tax idea had won pre-election pledges from a majority of the Left. It was decided to allow each province to raise its revenues by the method it preferred; the new system to come into effect gradually over a period of ten years, and to continue in full force for another ten years thereafter. To make the experiment as conclusive as possible, it was

Land Tax vs. Sales Tax

PRAGMATIA, whose position on the map is known only to Harold Buttenheim, divided itself in two parts and tried out two tax systems over a period long enough to get results. And here is a report of the political campaign in which they came to a head, scheduled for Survey Graphic in 1952, but pulled out of the magician's hat twenty years ahead of time to serve the troubled taxpayers.

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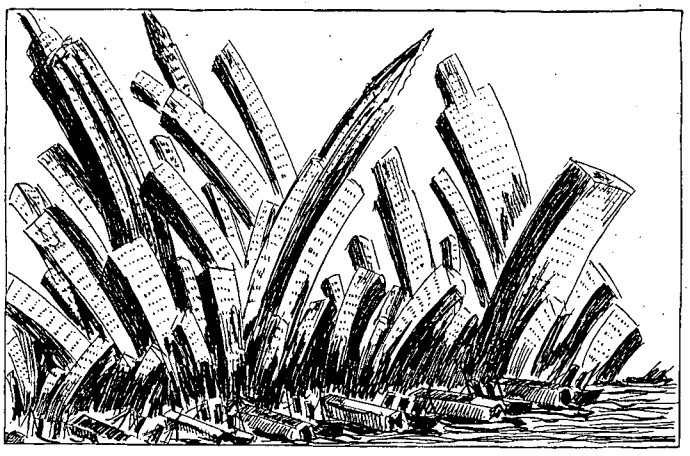


In 1932 their civilization had grown top-heavy

decided that the National Government would be financed, during the second ten-year period, not by federal revenues, but by contributions from the two provinces, 60 percent from the Right and 40 percent from the Left. Thus the only taxes imposed on the people of Pragmatia during the second decade of demonstration would be those authorized by their respective Legislatures.

Taxation being the main issue in the campaign for election of members of the 1932 Legislatures, the political parties had been authorized to furnish, for printing on the official ballots, brief statements in advocacy of the tax method to which their respective candidates were pledged. Fortunately these documents of the two leading parties have been preserved. Their text follows:

THE CASE FOR THE SALES TAX

No man can live in a modern civilized society without buying some of the products of other men's work.

An *ad valorem* tax, therefore, applied at a uniform rate to all sales, would provide a sure source of revenue and compel every individual to bear his share of the costs of government.

If such a sales tax were made high enough to cover all governmental costs—national, state, and local—it would have three very beneficial results:

1. As the tax would be paid and reported by the seller, the collection of such a tax would provide maximum certainty and minimum expense for the government.

2. A sales tax would make possible the repeal of all income and property taxes, thus removing intolerable burdens from real estate and from capital earned or inherited.

3. Because every purchase would be taxed, it would encourage the practice of thrift, thus insuring individual reserves for periods of sickness, unemployment and old age, and discouraging present-day trends toward socialistic taxes for welfare funds.

All taxes being in the last analysis consumption taxes, the simplest and least burdensome tax which could be levied by any unit of government is the consumer's or sales tax.

THE CASE FOR THE LAND TAX

Given the existence of funds, created and renewed inevitably by natural law, the collection of which would ultimately tax no individual's labor or savings, the first duty of government is to prevent the diversion of these funds for private use, and to collect them for the public benefit. Thus we may:

(1) Pay for governmental services out of the land values which governmental services create;

(2) Pay the community's costs of population growth out of the land values created by population growth;

(3) Collect for the benefit of the public the economic rent resulting from the bounties and beauties of nature, to which no man has a natural right; and

(4) Conserve for the community increased land values resulting from the social services and beneficences of public-spirited citizens.

These funds—created by nature, by government, by population growth, and by community benefactions and services—would be ample to pay all the costs of local public works and governmental services, and perhaps ultimately all non-local governmental costs as well.

Meanwhile, during the period of adjustment to the rational method of providing public revenues, justice demands that the evils of existing extremes of wealth and poverty be ameliorated. This can be done, and provincial and national governmental costs be largely met, by income and inheritance taxes bearing heavily on surplus funds which would otherwise be hoarded or used for speculation or for the unneeded expansion of competitive manufacture or trade.

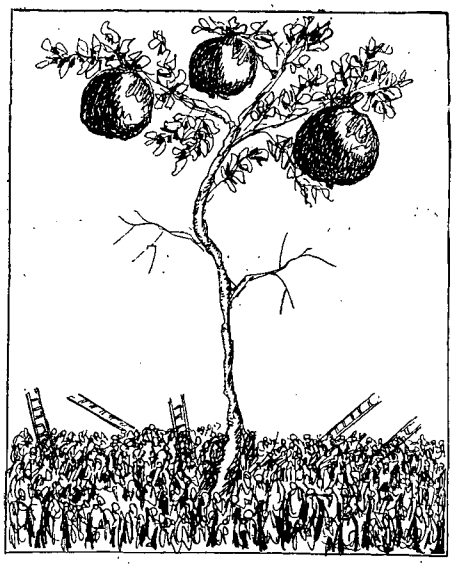
Our arrival in Pragmatia just twenty years after the epoch-making campaign for the election of candidates pledged for one or the other of the two foregoing statements of principles, has been one of the outstanding experiences of our lives. For we have been able to study what has happened in the interval and shall learn tomorrow the results of a second epoch-making election, when legislative candidates will have been chosen to determine whether, based on this twenty-year pragmatic test, the sales tax or the land tax or some other system of taxation will be adopted by the two provinces as their future method of providing public revenues.

The election now being held, however, though thrilling to us, is calm in the extreme. The results are a foregone conclusion. A Parliamentary committee representing both parties brought in some days ago a unanimous report of what has happened, Right and Left, during the two decades of demonstration. This document, also, is worth quoting in full.

The Parliamentary Report of 1952

THE experiences of our two provinces with the contrasting methods of taxation adopted in 1932 are so well known to the people of Pragmatia that a recital thereof seems almost superfluous. As a matter of record, however, and to comply with the Parliamentary mandate, the following statement of facts is made:

It will be remembered that the year 1932 saw the depth of a previously unexampled industrial depression. The gradual improvement in employment which took place throughout the nation during the next three or four years cannot be credited primarily, in either province, to the new methods of taxation. An upswing was overdue anyway. It was aided in part by the depletion of stocks on the retailers' shelves and in part by many other factors, including the stimulus given to public works and



The Boom Period

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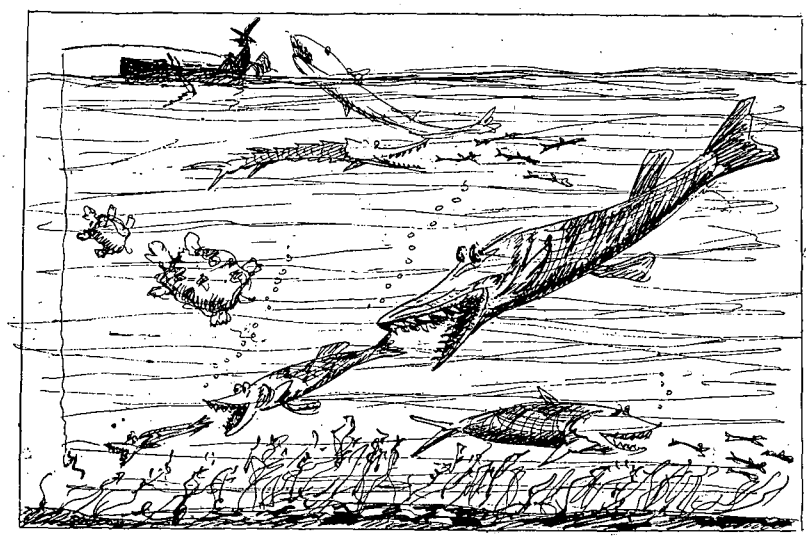
to slum clearance and large-scale housing projects by the availability of federal loans for those purposes. Moreover, the shift in the incidence of taxation, occurring as it did over a period of ten years, was too gradual to have any very sudden effect in greatly stimulating or retarding business recovery. But after two or three years, business barometers in the two provinces began to behave quite differently. For both, the employment index in 1932 had shown man-hours of work 50 percent lower than the previous peak. In the Province of the Right employment in 1935 had risen in three years to 75 percent, while the corresponding index figure in the Province of the Left had risen to 80 percent. Economists in both provinces pointed out that the 1932 depression was not the ordinary cyclical disturbance which the business world had previously accepted almost as an "act of God." Statistics showed that boom-time employment for several months preceding the crash of 1929 had been noticeably below the peak of 1926. Something more effective than recovery by what someone has called the "lazy fairy" method seemed essential to the unfettered thinkers of the day. Otherwise, said they, the business world must confess its impotence to prevent permanent unemployment on a large scale in the midst of plenty such as industry and agriculture had never before been capable of producing.



Laissez-faire

It had been hoped, of course, by the sales-tax advocates of 1932, that conditions would somehow right themselves. They had a blind faith, too, that their tax panacea would offer no obstacle to one of the sacred tenets of the "lazy fairies"—the mysterious "law," so-called, of supply and demand.

Yet in 1937—five years after the new tax systems in the two provinces had been started—the barometer of employment in the Right still stuck at 75, while that of the Left had gone up to 90. The world of business and finance began a serious study of what had happened.

The alleged certainty and equity of the sales tax proved most elusive. Many complications had arisen. Much of the time of the Legislature and the courts was consumed for several years in attempted solutions of problems such as these:

With tens of thousands of merchants and millions of farmers subject to the sales tax, how could bootlegging be prevented and honest tax rates be secured? How would it be possible to prevent bartering as a means of tax dodging?

Should the sales tax apply only when sales were made to the ultimate consumer? If so, should tools and materials of manufacture be taxed, or only the finished product? What if the finished product became a tool or material of manufacture for another factory?

Would tires, for example, be free from tax if sold to an automobile manufacturer, or dealer, but be taxable if sold to an automobile owner? Would a used automobile be subject to taxation as many times as it changed owners? Would furniture bought by a jobber for his own use be taxable, but if bought for re-sale to a dealer be free from tax? If not, how would double taxation on such furniture be prevented?

When it was suggested that some of these problems could be solved by assessing the tax not against merchants or consumers, but solely against producers, puzzling questions of administration arose. How, for example, would the tax be applied in the case of merchants who are also to some extent producers or repairers—bakers, jewelers, automobile service stations and beauty parlors, to cite only a few such? Why should the non-producing merchant escape all taxation?

The taxation of non-commodities proved puzzling also. Should railway freight charges be taxed? and theater tickets? and taxicab fares? and hotel bills? Should sales of bonds, stocks, mortgages and insurance policies be taxable? Should banks escape all taxes? Should the *use* of land be free from taxation, but *sales* of land be taxed?

The sales tax at the half-way mark had risen to 10 percent or more of the cost of all products of industry and agriculture reaching the ultimate consumer. Theoretically the producer or retailer paid the tax, but it was, of course, passed on to the consumer in higher prices. The consumer's ability to purchase being reduced by the taxes passed on to him, total potential sales shrank and employment remained at a practically stationary percentage of employable workers. There being no tariff barriers between the two provinces, the manufacturers of the Right (the sales-tax province) strove to increase their business in the less taxed and more prosperous markets of the Left (the land-tax province). But the attempt proved abortive. The manufacturers of the Right had, of course, to pay the sales tax imposed by their own province before their goods could be shipped to consumers in the Left. Manufacturers, there, however, had no sales tax to pay, and could therefore outbid their competitors of the Right by at least 10 percent with equivalent wage scales. This differential increased to 20 percent by the end of the ten-year period of tax readjustment.

Prior to 1932 the Right, as the older and more densely settled province, had produced about two thirds of the manufacturing output of the country. Gradually, however, as the sales tax increased from year to year, manufacturers and capitalists from the Right began to establish factories in the Left. This was done not merely to escape the sales tax imposed in the Right; another differential of great importance to trade in the Left was becoming more and more apparent. A surprising contrast between the two provinces was developing in the cost of factory sites and in the rents of workmen's homes.

These trends reached their maximum, of course, as did the other effects of the new fiscal policies, after the ten-year period of tax readjustment ended in 1942. The promise that their land would ultimately be freed entirely from taxation had won from landowners in the Right influential support for the sales tax in the 1932 election. But the great unlanded masses in the province soon discovered that they were out of luck. Concurrently as land taxes were (*Continued on page* 659)

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What Became of the B. E. F.

By GERTRUDE SPRINGER

Photographs from Olga Edith Gunkle, Denver

HUDDLED out of a chill autumn rain into a dim-lit warehouse in Uniontown, Pennsylvania some six hundred men, official remnant of the fifteen thousand who in mid-summer threw the national capital into militaristic jitters, set up a permanent organization of the Bonus Expeditionary Force. Gathered from a half dozen states, they elected officers, orated, protested, endorsed and resolved with all the abracadabra of a major political convention. And then they went back home again.

And that seems to be about what became of the B. E. F. of 1932. Thousands strong they were ousted from Washington and chivvied out of Johnstown. They were denounced by Attorney General Mitchell as " . . . probably the greatest aggregation of criminals that ever assembled in the city [Washington] at any one time . . . " although, according to Gen. Pelham D. Glassford, superintendent of police, there were in Washington "in two months [June and July] only twelve arrests of bonus marchers for offenses of a criminal nature . . . and there are of record many demonstrations of patriotism and discipline by the great mass of the unemployed veterans." And thousands strong they just went back home again so quietly and so peaceably that the home towns hardly knew when they got back.

To discover what actually became of them, man by man, would require a fine-tooth-combing of the whole country. A sampling inquiry from coast to coast indicates that in a handful of the places queried they have kept some identity as a unit but that only a sprinkling of them have become any new charge on organized community resources. Even when a group maintained its identity it seems to have given social agencies a wide berth and to have gone over their heads directly to the community for help. Moreover such groups where they exist seem to have pretty well lost their identity so far as the Washington adventure is concerned. Veterans of the Battle of Anacostia and the Battle of Johnstown are outnumbered in the camps by recruits who are just ex-soldiers without jobs and who, like the men who trekked to Washington, have nothing to lose.

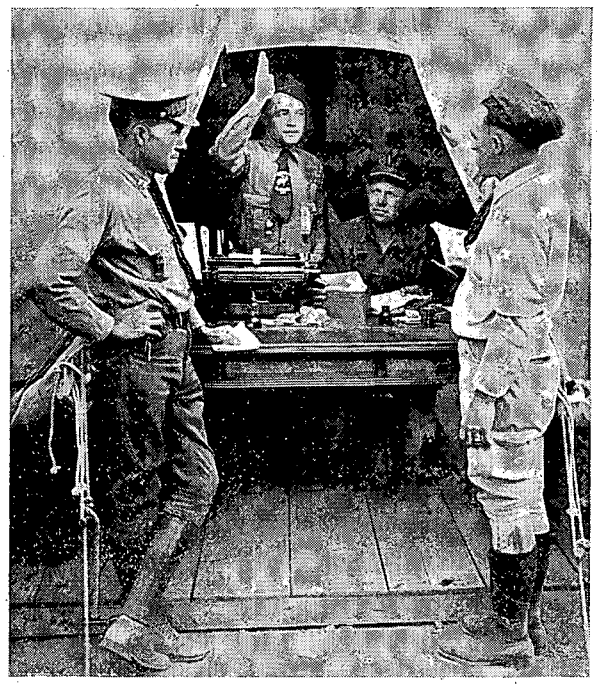
If "they went back home again" is admitted as an answer to what became of the men of the B. E. F. it must also be admitted that not all of them went back to their own homes. Many of those to whom the Washington giro was an adventure, who had no stake in the community they had left and a large confidence in their own ability to "get by," took their luck in their hands and moved on somewhere, anywhere, else. Sometimes a circumstance no more important than a good stretch of road determined a destination: sometimes, "I used to know a fella who came from here—he was a good fella too," or, "I couldn't see any sense in going back to Texas in the summertime when I'd never seen the ocean," or, more often, "I'd always wanted to go to California and this seemed a good chance."

And so after that first leaderless, abortive effort to hang together in Johnstown the men scattered like leaves before the winds of circumstance. The experience of Chicago, where five hundred men, women and children, all their worldly goods in their hands, were dumped from the railroad trains, seems typical of the scattering process. The group had an abundance of camaraderie and a ready-to-go leadership intent on the rights of one and all.

AFTER two aimless days in a ramshackle, insanitary building, long condemned by the fire department, the police and welfare departments took a hand in arranging transportation for the men and their families to their last place of legal residence in accordance with the settlement laws of each state. The Clearing House for Men, operated by the Illinois Emergency Relief Commission, assigned fifteen experienced workers to the task of determining legal residence. And what a task! About a quarter of the men wanted to go back home and the rest wanted to go anywhere else. Most of them lacked any identification papers—burned in Washington, they said. And there were plenty of families like the one a long time out of Kansas that had toured the East for two years and had now decided to go "back home." Transportation to Wichita for theirs.

Many other cities located at strategic railroad points caught flurries of the general dispersal. Kansas City was notified that a trainload was en route with transportation that far and no farther. The city manager hastily got on the job and at a cost of $1500 speeded the visitors onward. A bonus train deposited in Indianapolis some sixty men who claimed Indiana as home. Apparently they just moved on. At any rate the aid offered by the Family Welfare Society and other social agencies was not accepted. Indianapolis, like a number of other cities, has grown a little cool to wandering families and men claiming membership in the B. E. F. as a reason for special privileges, meaning, usually, gasoline. These people are treated the same as are other transients. They are given food and shelter and offered help to get to their homes. Two or three days is the usual limit of their stay.

The growing coolness of In-



Colonel Joe Maida (standing, inside) gives the oath of allegiance at the B. E. F. camp in Denver

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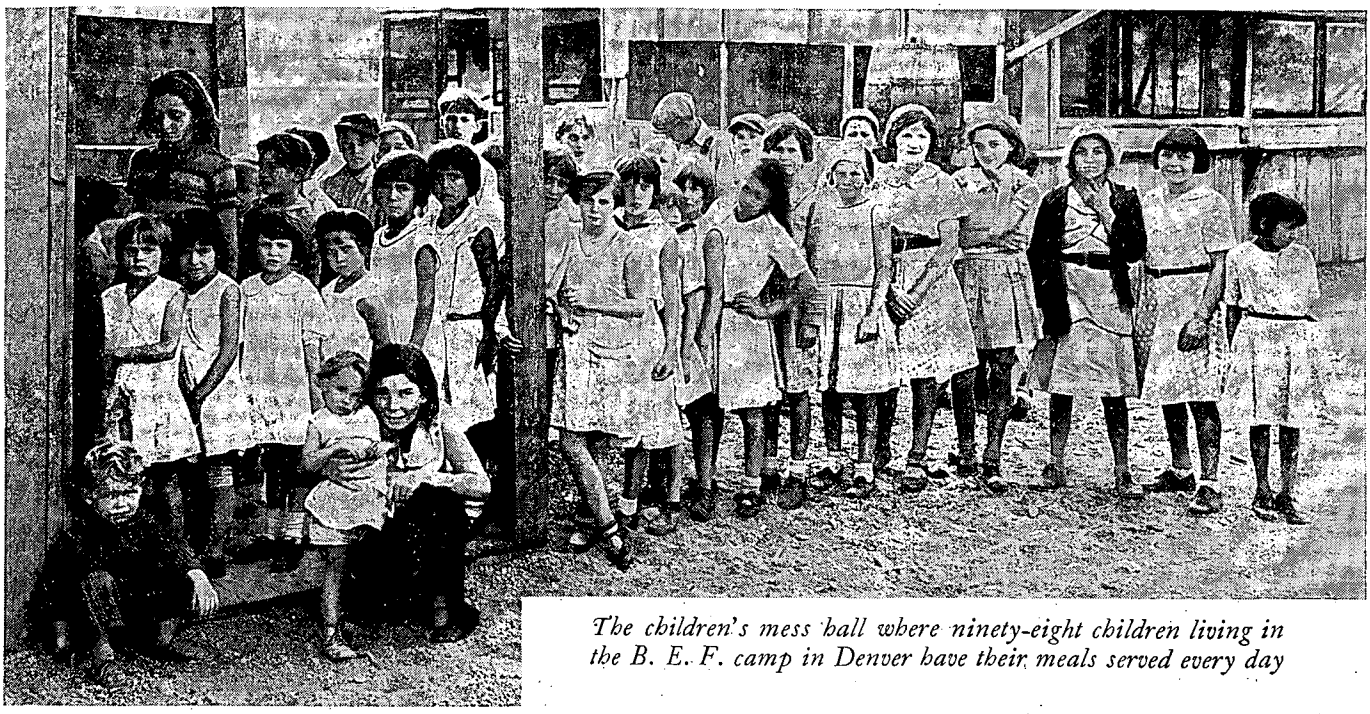

The children's mess hall where ninety-eight children living in the B. E. F. camp in Denver have their meals served every day

dianapolis to self-styled bonus marchers was sent down several degrees by a visitation in mid-autumn of two merry bus-loads of folks, eighty or a hundred perhaps, who had started from California in the early summer to join the army in Washington. Having nothing else to do after Washington turned inhospitable the bus-party resolved itself into a traveling picnic, camping near a city, living off farmers and tradesmen, giving open-air shows of sorts for spending money and, says the chronicler, "not at all disheartened by the reception they get."

It was a different story in early August when the destitution and helplessness, the sheer misery, of the little bonus groups on the road, touched the sympathies of conservative communities that held no brief for the bonus per se. Gettysburg, Pennsylvania permitted a camp in a cool and shady park where distracted men and families could have a little breathing spell after the hardships and confusions of the Washington dispersal. Here for instance were sixteen people, two children, who in a battered household truck had been six weeks on the road from California, reaching Washington just in time to be driven out. Their camping stuff was lost, their extra clothing gone. Half of them were sick and none of them had any idea of where to go next. Here were a father, mother and two children from Alabama, the father arthritic, the mother on the brink of a nervous collapse. They had lived on the road for nearly a year. Their car was a wreck. There was nothing in Alabama to go back to. The bonus had been to them just a vague hope of relief for their immediate misery. With that gone they had no plans, no destination. To Gettysburg they were just poor folks looking for food and shelter, and with whom, as they passed through, the town could well be patient.

Detroit got back a delegation of 340 unattached men who, in an unused shelter, Fisher Lodge, have succeeded in keeping themselves going without benefit of social agencies or of other veterans' organizations. About twenty additional men and their families report in for meals—two a day for the rank and file, three for the working details—and for some half dozen of the families rent is paid. Food is gathered from the markets and from more or less patient tradesmen. A little money comes in from sympathetic citizens and from the hat passed at the occasional "show" that travels around the city on a truck.

During September the highways had still a good sprinkling of the B. E. F. who traveled out of Johnstown on gasoline instead of the cushions provided by the railroads. Rough camps, "Hoovervilles," sprang up on the fringes of cities which made claims to permanence, even to being links in "a chain from coast to coast." Some developed leadership and organization, others degenerated into jungles with a changing population that soon lost any substantial claim to veteran membership. New York awoke one morning to find a B. E. F. camp at its front door, in a location no less distinguished than Riverside Drive. Most of New York's returned bonus marchers were absorbed back into the shifting ranks of the unemployed, back to their families, back to the lodging-houses and emergency shelters, back to the occasional "Hoovervilles" on vacant lots.

SOME few groups attempted with varying degrees of success to set up cooperative self-help units. The Riverside Drive camp, where the railroad tracks skirt the river, has achieved a kind of stability. Its shacks are makeshift but almost picturesque, its grounds are tidy with pseudo-landscaping. Its 125 men, more or less, with another 150 reporting for mess three times a day live under rigid, self-imposed discipline. Its commissary is supplied from the overplus of the wholesale markets. Necessary cash is earned by occasional odd jobs or is contributed by sympathizers.

Pennsylvania, scene of the Johnstown debacle, is also the scene of Camp Sherry, the B. E. F. camp that seems to be digging in more systematically than most of the others. Near Uniontown, its two hundred or so members were the nucleus of the recent National Convention of the B. E. F. The camp, accessible from a main highway, is located on a wooded tract of two hundred acres leased to the group for five years by a citizen of Uniontown. It is well laid out, well organized, well disciplined. The original tents are giving place to frame buildings and a central barracks of concrete blocks—the materials derived from old buildings in the neighborhood donated by their owners and torn down and transported by the men. There is a first-aid station, a kitchen, and a quartermaster's store. Applicants for membership, even with service credentials in order, are not finally admitted until a trial period has

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demonstrated their capacity for community living and their willingness to work at assigned tasks. No women live in the camp. The men seem to be from all over the country, the majority perhaps from California. There is, it is carefully pointed out to the visitor, no "begging or bumming." Men are permitted to go to Uniontown or elsewhere only on official business. Supplies are purchased with funds contributed by interested individuals especially by ex-service men throughout the country.

Denver has at its back door a camp of some three hundred men, women and children which seems to owe its flourishing existence to the Napoleonic qualities of four-foot-six "Colonel" Joe Maida. Colonel Joe says he is a French-Italian from Texas. Others say he is half Mexican. His English is strongly accented and highly efficient. Red Cross records indicate that he was a chef before the war, was in the army transport corps, came to Denver in 1923 and that he is subject to epilepsy. He was a patient in the veterans' hospital at Fitzsimmons and draws disability compensation. Now he is a leader of men who visions a whole chain of Camp Joe Maidas and already has two of them, Denver and a branch at Morrison, fifteen miles away. Last July the city of Denver lent him a tract of land on the edge of town "for two or three days," and the National Guard lent tents, cots and blankets. In September the National Guard was still trying to get its supplies back and the city was trying to get an eviction, with Colonel Joe just one jump ahead.

Olga Edith Gunkle of the Denver Community Chest found the camp well ordered, busy and cheerful with everyone hopping when Colonel Joe blew (*Continued on page* 664)

They Just Went Home

Atlanta, Ga.—Returned men not heard of.

Birmingham, Ala.—Only a few transients reported.

Buffalo, N. Y.—Four or five sought lodgings.

Chicago, Ill.—Some seven or eight groups with fluctuating numbers maintain headquarters of sorts each claiming to be representative of national body. Aid from social agencies is asked on a group basis.

Cleveland, O.—Negligible number have asked for aid. A camp near the city recruited more than 100 men to try to meet their own relief needs.

Columbus, O.—Local men have maintained no group identity.

Dallas, Tex.—A few stragglers remained a day or two.

Dayton, O.—A few men went and came back and that seemed to be the end of it.

Denver, Col.—Well organized camp of 274 largely non-resident, living on the community without recourse to social agencies.

Des Moines, Ia.—A camp maintained for a time in an abandoned building seems to have broken up.

Detroit, Mich.—Some 340 unattached men are holding together, gathering their supplies from the community.

Fargo, N. D.—Many transients, no community problem.

Fort Worth, Tex.—Much coming and going and rumors of a future permanent camp.

Gettysburg, Pa.—About 400 in camp in September. Since drifted away and camp abandoned.

Hartford, Conn.—A few camped on a nearby farm but soon drifted away.

Houston, Tex.—Apparently no organization or activity since men returned to their families.

Indianapolis, Ind.—No large number at any one time and very few applications for assistance.

Kansas City, Mo.—About twenty-five local men camped together for a time but were no charge on social agencies.

Los Angeles, Cal.—Well organized camp at Maywood with number varying from 60 to 117.

Memphis, Tenn.—A few camped at the Fair Grounds then moved on.

New Orleans, La.—Apparently absorbed into the community.

New York, N. Y.—Well ordered camp of 125 or more. The rest apparently gone back to where they came from in the city.

Omaha, Neb.—No camp. Men appear to have gone back into community life.

Phoenix, Ariz.—No signs of the B. E. F. since it left Washington.

Pittsburgh, Pa.—Ten or twelve returned to their families on relief. Perhaps fifty sought food and lodging en route.

Portland, Me.—One family observed on its way to Bangor.

Portland, Ore.—A good many transients in the late summer but no local problem whatever.

Providence, R. I.—None in evidence.

Raleigh, N. C.—Plans for a camp in Moors County never materialized. No organized groups reported.

Richmond, Va.—Very few applied for assistance. No organization.

Rochester, N. Y.—Those who were on relief when they went away came back to it.

St. Paul and Minneapolis.—About thirty in the former and forty in the latter set up headquarters and live together largely on public-welfare food orders.

San Francisco, Cal.—Sixty-seven B. E. F. men of whom sixteen were in the original 670 who went to Washington returned on the "Johnstown Special," but soon lost their group identity. The rest came back by twos and threes if at all.

Seattle, Wash.—Numbers who returned were not large and seem to have made their own adjustments.

Syracuse, N. Y.—Returning delegation of about 125, later recruited to 400, have their own headquarters and relief organization.

Tacoma, Wash.—Men absorbed back to their regular walks of life.

Trenton, N. J.—No mobilized groups definitely reported in the state but several rumored.

Tulsa, Okla.—About twenty men maintain a loose organization.

Uniontown, Pa.—About 200 in well-organized camp claiming to be permanent.

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Ohio's Answer to Unemployment

By WILLIAM M. LEISERSON

WHEN in November 1931 Governor White appointed the Ohio Commission on Unemployment Insurance he was severely criticized by business organizations for overweighting the Commission with "theorists and social experimenters." And when in November 1932 the Commission submitted its report to the governor the fears of those critics were in a sense confirmed. The report is based on a theory and the bill it recommends clearly calls for a social experiment.

Nine of the eleven members of the Ohio Commission signed report and recommendations. And so perverse is human nature that most of them are more than likely to be proud of the appellation with which they were tagged twelve months ago. They have taken to heart that new theories of physics and chemistry, new theories of business management, have changed the processes of production and distribution so mightily that more and more people have been shifted farther and farther away from the sources of sustenance; their lives rendered less and less secure. The commissioners have observed these theories linked with the bold experimentation of executives, advertising managers and production organizers in ways which create new problems of unemployment and insecurity. And they see the need for bringing the same spirit of scientific inquiry and bold experimentation to bear upon the social arrangements by which we must handle these problems that a changing industrial life throws back upon the nation and its local communities. What but the lag between them has brought us to the pass that millions must be destitute in the midst of plenty and depend upon the morsel that charity grants?

The *theory* on which the Commission's recommendations is based may be crystallized in the four sentences printed below and summarized in the four paragraphs condensed from its report on the next page.

The *social experiment* the Commission recommends for Ohio is an unemployment insurance system based on strict insurance principles. In this respect it differs fundamentally from the experiments in European countries, and from the unemployment compensation law adopted last winter in Wisconsin. It differs further from the European plans in that no part of the cost of insurance is to be paid by the state; taxpayers are required to make no contribution whatever, not even to the expense of administering the act. It differs again from the Wisconsin act by providing that employes shall pay a part of the premiums with which the insurance is to be purchased. In effect it would set up a mutual insurance company, maintained and administered jointly by the employers and the working people of the state, in which substantially all industries and their employes would be compelled to insure their risks of unemployment under strict control and regulation by the state.

The plan charts a new course. Labor, like capital invested in industry, has fixed charges that need to be met regardless of decline in business volume. The Ohio plan is a step in the direction of making labor's fixed charges part of the cost of production of the industries in which it is employed instead of a charge against philanthropy or the public treasury.

Boldly, therefore, the Commission recommends to the Ohio legislature that it proclaim, as a declaration of public policy, that new measures are needed to meet the new problems that modern business theory and experimentation have brought into the lives of the people of the state. (See page 645.)

Unemployment is Insurable

BUT can the risk of unemployment be insured? Can a sound actuarial base be found for a state system of unemployment insurance?

In reply to these questions the Ohio Commission is in the position of the devil quoting scripture. Most of the arguments made before such bodies against the insurability of unemployment draw on the recent publications and reports of the Metropolitan Life Insurance Company. These are subsequent to 1930 when a bill permitting private companies to write unemployment insurance was vetoed by Governor Franklin D. Roosevelt after it had passed both houses of the New York legislature. But back in 1925 the same company published a pamphlet in which its late president, Haley Fiske, and an actuary of the company expressed themselves in this fashion: "At least one insurance company feels that the problems of writing unemployment insurance are not insurmountable, and it is optimistic about the practicability of this type of insurance. As soon as the insurance laws of the state are amended so that it may offer this type of coverage, it will do so." The Commission may be forgiven, therefore, for recalling the earlier dispensation. However, it did not rest its case on argumentation from such controversial literature but turned to original sources.

Fortunately the State Department of Industrial Relations in Ohio has collected detailed data since 1914 showing fluctuations in employment

The Answer

Unemployment is inevitable
Distress from unemployment is preventable
Wage-earners cannot provide against this distress
Insurance can prevent it

THE Ohio Commission, of which Professor Leiserson is chairman, presents the "first figures available in this country" for computing the cost of unemployment insurance; recommends a distinctive American system and drives its recommendations home with the calculation that had they been adopted after the hard times of 1921–22, Ohio would have entered this depression with reserves of more than one hundred million dollars.

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The Theory Back of the Ohio Plan

1. UNEMPLOYMENT IS INEVITABLE

Unemployment is an inevitable risk of modern industry and commerce. . . . While it may be reduced by more efficient planning and business management it cannot be wholly or even in large part prevented. . . . A revival of business will reduce unemployment, but not abolish it. . . . The rapid changes that are taking place in our industrial and business methods . . . cause unemployment every month of every year in an industrial state like Ohio. . . . No responsible person will contend that efforts . . . to regularize and stabilize employment, to shorten the work day and the work week . . . have reached the point where steady work can be guaranteed.

2. DISTRESS FROM UNEMPLOYMENT IS PREVENTABLE

Distress from unemployment, however, can be greatly mitigated and largely prevented if the state will prepare a practical program to avoid the disastrous effects of unemployment that overtake great numbers of families in times of ordinary business activity as well as in periods of depression. . . . The commission recommends unemployment insurance as a remedy not for the unemployment but for the distress: for the bread lines, soup kitchens, loss of homes, break-up of families, overwhelming of charities and distribution of doles to the unemployed from local, state and federal treasuries.

3. WAGE-EARNERS CAN NOT PROVIDE AGAINST DISTRESS

Since depression and unemployment have forced business men, corporations, insurance companies, railroads and banks to appeal for public relief and to receive it through the Reconstruction Finance Corporation and other governmental agencies, it can not with reason be contended that wage-earners could have provided for their distress by their individual efforts and savings.

4. INSURANCE PREVENTS DISTRESS

The principle of insurance is widely used in meeting industrial risks of all kinds, and no more effective method has been found or proposed that will at once provide support for the unemployed and their families, and prevent them from becoming pauperized. . . . Unemployment insurance seems to be the most effective device for providing in a self-respecting way for the able and willing unemployed. . . . Without a guarantee of stable employment, it is the part of wisdom to insure the risk.

every month and in wage payments every year. Fortunately the United States Bureau of Labor Statistics has recently compiled all this data up to 1929 (Bulletin No. 553, March 1932). The federal bureau describes it as "the most comprehensive statistics on this subject for the United States" covering "practically all employes in the state with the exception of interstate transportation and governmental activities."

Fortunately also, the Commission had among its members Dr. I. M. Rubinow, who before he entered social work had many years' experience as an insurance actuary and was well known as a writer on social insurance. On the basis of the Ohio data brought down to the end of 1931, Dr. Rubinow made detailed calculations of the risk of unemployment, and of the costs and premiums necessary to purchase various amounts of coverage exactly as the commercial and mutual companies calculate risks and premiums for other forms of insurance.

Whatever may be true of other states, Ohio statistics are thus available that provide a dependable ground work for insuring against unemployment. Computations of costs for any new form of insurance must necessarily be only approximate; but the sound actuarial basis is there, and ample margins of safety are allowed for by the Commission until experience makes possible more precise calculations. Thus Dr. Rubinow bases his computations on an average annual unemployment rate of 13.5 for 1923 to 1931 inclusive. (See table page 646.)

This period was obviously marked by an unusual amount of unemployment. The Ohio calculations therefore assume that more unemployment will have to be compensated for than actual experience over a longer period of years is likely to show,[1] and that actual costs of the insurance are thus likely to be lower than the estimated costs.

If Ohio Had Acted Ten Years Ago

BEFORE taking up the factors which enter into the proposed scheme for systematically covering this risk, let me stop here to bring out one of the most arresting features of the report. Any commission sitting in these depression years is confronted with the poser: The plan may be all right for normal times, but what would have happened to it in 1929? The Ohio Commission discusses just that, or to be specific, "what would have happened if after the major depression of 1921–22 Ohio had set up, in January 1923, an unemployment insurance system such as is now recommended? . . . How would the state have been prepared to prevent the present suffering and pauperization?" It presents a summary table (page 647) of its computations as to the income and expenditures of the unemployment insurance system it recommends, had that been set up in 1923; together with the balances in the fund from year to year down to the end of 1931.

Here are the facts by which unemployment insurance may be compared with private and public relief as a method to provide for those workers who are unemployed through no fault of their own.

If the insurance plan had been established in 1923 the fund would have fairly compensated the working people of Ohio for losses from involuntary unemployment during the five prosperous years since that time, as well as during the two minor depressions of 1924 and 1927. In addition a surplus would have been accumulating to fend against the castastrophic unemployment of the present depression. The fund would have finished the year 1929 with an accumulated reserve of $104,000,000.

This reserve together with the current premiums paid in 1930 would have enabled its managers during the first year of the depression to distribute to the unemployed of Ohio the benefits which they would have been entitled to, amounting to more than $69,000,000; and to still have had on hand on January 1, 1931, a surplus of $84,000,000 with which to meet the problems of the second year of depression. With the addition of the premiums received in 1931, the insurance fund would have been able to meet the estimated demands on it during this second year and distribute to the unemployed nearly $110,000,000; with a remainder of $11,000,000 at the close.

What would the accumulation and distribution of such fi-

[1] Paul H. Douglas, in his Real Wages in the United States, estimates an average rate of unemployment of 10 percent.

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nancial reserves have meant in terms of human welfare? Says the Commission:

The thrift and foresight enforced by the state on industry and commerce would have . . . made possible the distribution of nearly $180,000,000 during the first two years of the present depression. This amount would have been available for those who have invested human labor in the industries of the state, just as millions were available in reserves for the payment of interest and dividends to investors of capital when a large proportion of this capital was earning little or no income.

And what would this sum of nearly $180,000,000 have meant in terms of purchasing power to the farmers of the state, to the merchants who can not sell goods because former customers are unemployed and have no incomes with which to buy? What to the manufacturers who normally supply these merchants with products of their industries?

It seems reasonable to believe that the release of so much purchasing power and the flow of that money into the channels of trade would have had some effect in raising the trough of the business depression.

Now it may be urged that the reserve of $11,000,000 left on January 1 last, together with current premiums received in 1932, would not have been sufficient to pay full benefits this third black year.

If we should assume that unemployment in Ohio would not have been reduced by the distribution of $180,000,000 in purchasing power during the two preceding years, and that no other state would have made such long-headed provision, this may be conceded. But those assumptions get us close to the long range, universal need for just such a plan. As a matter of fact, it is as yet impossible to calculate what the income and expenditures of such a fund might have been for 1932 because the number of unemployed and the wage losses will not be known until after the end of the year. But granted those assumptions, and assuming further the worst that the indices of employment for the first six months of 1932 show, the fund might have had to borrow some money from the Reconstruction Finance Corporation.

If it did have to do so it would only be following the example of seventy-nine private insurance companies that have already received such loans from the Reconstruction Finance Corporation.

Is there any reason why, if private insurance companies, railroads, banks and other business institutions are entitled to receive such loans on Uncle Sam's credit, an insurance fund designed to protect the unemployed and their families should not be entitled to the same privilege?

"No better security for a loan can be found anywhere than the earning power of the industries and the working people of Ohio, and all borrowings could easily be repaid within a short period after the depression."

Declaration of Public Policy

(Excerpts from Section I of the Ohio bill)

Distress from Unemployment has become a serious menace to the health, safety, morals and welfare of the people of the state of Ohio. Because insurance or reserves have not been provided in times of plentiful employment distress and suffering have spread throughout the state; and taxpayers have been unfairly burdened with the cost of supporting able-bodied workers laid off by their employers until such time as they would again be needed. . . . In years of prosperity as well as depression, expenditures of private and public charity organizations for the relief of the unemployed fluctuate according to the fluctuations in unemployment; and in every period of severe unemployment, private charity funds for the care of the unemployed are inadequate. Demands are therefore made and pressure exerted for the appropriation of funds from the treasuries of local and state governments. . . .

Charities, both private and public, although helpful, are inadequate, inappropriate, unscientific methods of dealing with the distress of capable workers who are unemployed through no fault of their own. . . . Public charitable support for such able-bodied unemployed and their families is unwise and unsound as a public policy because it means the payment of "doles" from public treasuries, makes such relief and doles a political issue, resulting in burdensome increases in governmental expenditures, and weakening the moral fibre of the population.

Industry and commerce are relieved of the expense of maintaining their labor reserves, and this expense is met partly by diverting the charity funds from the sick, the maimed, the mentally and physically defective, the widowed mothers and orphaned children for whom such funds are properly intended; but mainly by shifting the burden to the taxpayers and to the landlords, grocers, butchers and other tradesmen who are under the necessity of carrying the unemployed. . . . In spite of all such provisions for dealing with distress from unemployment as have been made, many families have been broken up and children taken from their parents to be placed in institutions and foster homes because of lack of employment of the bread-winners; other thousands are left without adequate food, clothing and shelter, and are forced to beg for the same in soup kitchens, bread lines, public relief depots and public lodging houses. In many communities these conditions have led to protest demonstrations accompanied in some cases by violence.

These dangers to the peace, safety and health of the communities of the state are aggravated by the fear of those who have employment that they soon will be without work and without resources; and . . . these dangers and fears cannot be avoided unless foresighted provision for the unemployed and their families is made in times of plentiful employment on a comprehensive scale by industry and commerce . . . in the form of compulsory insurance that will be state-wide in scope. . . .

The Central Core of the Ohio Plan

EARLY in its investigations, the Ohio Commission was confronted by what seemed confusion in the minds of both advocates and opponents as to the essential purpose of insurance against unemployment. Is it to provide some income for workers when they are unemployed? Or is it to encourage industries to stabilize employment by burdening those which don't? The two purposes are not necessarily contradictory. But the essential features of any law will be quite different if one or the other is considered primary.

The Wisconsin act is designed to prevent and to reduce unemployment. Its maximum benefits of ten dollars a week for ten weeks, with reductions where employers' reserve funds are depleted, obviously are not designed primarily as measures to relieve distress from that cause. The Ohio bill, with benefits of $15 a week for sixteen weeks, aims directly at relieving distress; and the Ohio Commission set forth the conception underlying it in a questionnaire published in preparation for public hearings:

Fire insurance is not aimed at abolishing fires, life insurance does not abolish death, accident insurance is not to abolish accidents, the purpose of health insurance is not to abolish illness. Any insurance system that is properly designed and soundly managed will

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NUMBER AND PERCENT OF LABOR FORCE UNEMPLOYED IN OHIO
1923–1931

Year	*Total labor force*	*Average number employed*	*Average number unemployed*	*Percent of unemployed*
1923	1,274,400	1,160,000	114,400	9.0
1924	1,290,300	1,089,000	201,300	15.6
1925	1,308,900	1,150,000	158,900	12.1
1926	1,324,300	1,203,000	121,300	9.2
1927	1,339,700	1,185,000	154,700	11.5
1928	1,335,200	1,209,000	146,200	10.8
1929	1,373,000	1,296,000	77,000	5.6
1930	1,390,400	1,150,000	240,400	17.3
1931	1,403,500	979,500	424,000	30.2
Average of 9 years				13.5

stimulate efforts toward reduction and elimination of the risks against which protection is sought. But it is based on the assumption that the risk itself is inevitable, however much it may be reduced, and that protection against it may be secured most economically by the method of insurance rather than in any other way.

The main purpose of unemployment insurance, therefore, is to protect the public against the unemployment that is inevitable. It can be so designed and operated that it does stimulate regularization of employment, but the main task of prevention and elimination is the responsibility of employers and not of an insurance agency whether private or public.

If this statement of purpose is borne in mind, then the features of the Ohio bill that depart from other precedents become plain. It would establish an unemployment insurance fund similar to the Workmen's Compensation Fund of the state, in which substantially all industries and their employes are required to insure their risks of unemployment. It would not permit, as in Wisconsin, individual employers to keep separate reserves for their own employes, or the state fund to keep separate reserves for each employer. It would pool all the risks in one fund on strict insurance principles. The reason, as given by the Commission, is that if the contributions or premiums are "locked up" in separate reserves and not used to purchase insurance, they can not provide anything like adequate benefits to the unemployed. "People with the same earning power working for different employers would have varying degrees of protection, and the protection to none would be adequate."

The proposed fund is to be administered by the state as a trustee, without liability on the part of the state beyond the amounts paid in by employers and employes and the money earned by the fund. While there is much to be said in favor of the state assuming certain administrative expense, as it does in the matter of workmen's compensation, the Commission does not recommend this because it is "strongly convinced that one of the most important functions of unemployment insurance is to relieve taxpayers of the burden of supporting able-bodied unemployed." All expenses therefore, including administration, are to be paid out of the insurance fund.

No unemployment insurance plan can operate effectively without a system of public employment offices. At such offices the unemployed must register, and their unemployment under the insurance will be reckoned from that time. Here, after the waiting period, payments of benefits will be made and those drawing benefits will be required to report regularly for any other work that may be available. The offices, in touch with opportunities for employment, will thus in normal times offer a work-test for those claiming benefits.

There are eleven such offices in Ohio operated by the State Department of Industrial Relations. These would be transferred to the unemployment insurance authority, which would be authorized to divide the state into employment districts and to locate in each as many offices as may be necessary to administer the act. State and local governments in Ohio now spend about $150,000 annually for the maintenance and operation of such offices. This cost, as well as the expenses of new offices, would be assumed by the unemployment insurance fund. Although the Commission stresses the fact that taxes may thus be reduced by $150,000, a more important reason for the shift is that in this way financial support for the employment service can be assured. In most states appropriations therefore are notoriously inadequate.

Although the main purpose of the Ohio bill is to substitute regular insurance payments to the unemployed for charity and public relief, it will be seen that by interlocking the employment service with the insurance system, provision is made for cutting down the out-of-work period, and to that extent controlling the bulk of unemployment. Similarly, the contributory provisions will give all working employes a personal interest in conserving the fund from which their own protection in the long run must come. Nor does the plan neglect the necessity for stimulating employers to regularize. Three years after the law goes into effect, there will be enough experience and records to determine which industries and employments are responsible for the most unemployment. A merit rating system is then to be introduced after the manner of the successful workmen's compensation rates in Ohio. The unemployment insurance commission will classify industries and occupations, and fix rates according to the risk in each class. The bill authorizes a maximum premium of 3½ percent of the payrolls for those employers whose supply of work is least regular; a minimum rate of 1 percent for those that have achieved relatively steady work. As in accident insurance, it is thought that such a sliding scale will not only more justly distribute the cost of insurance but will provide incentives for stabilizing. None the less the main features of the bill assume that the total reduction in unemployment that can be brought about by the preventive efforts of employers is bound to be small compared with the number of the unemployed who will need relief if not protected by insurance.

The Scheme of Benefits

TO SOME extent it was the desire to make that protection more adequate that led the Ohio Commission to recommend that employes as well as employers contribute to the insurance fund. The Commission felt that a minimum standard of benefits for unemployed working people should be 50 percent of normal weekly earnings for a period of not

PERCENT OF PAYROLL REQUIRED TO PURCHASE VARIOUS AMOUNTS OF UNEMPLOYMENT INSURANCE

Percent of payroll	*Waiting period*	*Will pay 50% of normal wages, with maximum weekly benefit*	*For maximum number of weeks per year*
4.51	2 Weeks	$17.50	26 Weeks
4.19	3 "	17.50	26 "
3.95	2 "	17.50	20 "
3.91	3 "	15.00	26 "
3.68	2 "	15.00	20 "
3.47	3 "	15.00	20 "
3.14	3 "	17.50	16 "
3.09	2 "	15.00	16 "
2.93	3 "	15.00	16 "
2.81	2 "	17.50	13 "
2.63	3 "	17.50	13 "
2.63	2 "	15.00	13 "
2.46	3 "	15.00	13 "
2.30	4 "	15.00	13 "

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ESTIMATE OF INCOME AND EXPENDITURES OF OHIO UNEMPLOYMENT INSURANCE FUND 1923–1931

BENEFIT 50 PERCENT OF WAGES WITH MAXIMUM OF $15.00 PER WEEK; WAITING PERIOD OF 3 WEEKS; 16 WEEKS' MAXIMUM BENEFIT PERIOD; INCOME 3 PERCENT OF THE PAYROLL OF INSURED WORKERS

	1	2	3	4	5	6	7	8	9
Year	*Contributions*	*Benefits*	*Cost of administration*	*Benefits and cost of administration col. 2+col. 3*	*Annual surplus or deficit col. 1—col. 4*	**Surplus Dec. 31**	*Average annual surplus*	*Interest earned (4% of col. 7)*	*Net surplus Dec. 31 col. 6+ col. 8*
1923	49,787,025		500,000	500,000	49,287,025	**49,287,025**	24,643,512	985,740	50,272,765
1924	46,456,683	59,741,814	1,612,875	61,354,689	—14,898,006	**35,374,759**	42,823,762	1,712,950	37,087,709
1925	49,899,609	48,035,097	1,636,125	49,671,222	228,387	**37,316,096**	37,201,902	1,488,076	38,804,172
1926	51,972,954	36,508,977	1,655,375	38,164,352	13,808,602	**52,612,774**	45,708,473	1,828,339	54,441,113
1927	51,806,430	47,117,859	1,674,625	48,792,484	3,013,946	**57,455,059**	55,948,086	2,237,923	59,692,982
1928	53,314,563	44,913,975	1,694,000	46,607,975	6,706,588	**66,399,570**	63,046,276	2,521,851	68,921,421
1929	57,442,063	23,775,798	1,716,250	25,492,048	31,950,015	**100,871,436**	84,896,428	3,395,857	104,267,293
1930	47,720,197	69,496,952	1,738,000	71,234,952	—23,514,755	**80,752,538**	92,509,915	3,700,397	84,452,933
1931	36,323,172	109,609,130	1,754,375	111,363,505	—75,040,333	**9,412,602**	46,932,768	1,877,311	11,289,915

less than fifteen weeks; with a maximum of $15 per week. This, according to the unemployment experience of Ohio could not be secured at a cost of much less than 3 percent of the payroll. It was deemed unlikely that a contribution of more than 2 percent from employers could pass the legislature. If the employers alone contributed and the premium was 2 percent of payrolls, nothing like adequate benefits could be assured to unemployed workers. Therefore a 3 percent fund was decided upon, with the employes contributing one third, or 1 percent of their weekly wages.

But there were two additional reasons for adopting the contributory plan. The first was the desire to emphasize the feeling of self-help and self-respect that comes from paying in one's own insurance; and with this went the idea already noted of engaging the personal interest of every participant in conserving the fund. The second reason was the need for giving employes a voice in its administration. To insure successful operation this must be decentralized. There will have to be local appeal boards representing employes and employers as well as similar representation in the central body. Unless employes contribute their own money to the fund, their voice in the management of the insurance system is likely to be nominal.

Although the American Federation of Labor has taken a position against contributions from employes, I understand that it would not oppose such contributions where conditions warrant them. At the public hearings of the Ohio Commission witnesses representing labor organizations testified that if adequate benefits could not be secured without contributions from employes they would favor such contributions. The Ohio Federation of Labor has since come out for the Ohio plan.

THE waiting period before benefits begin is three weeks in the Ohio bill, instead of the two weeks commonly provided in bills introduced in American legislatures. By increasing the waiting period one week, it was found possible to extend the period during which benefits could be paid by several weeks. This was thought preferable. The lengthened waiting period will reduce the payments for short-time seasonal unemployment, which workers are better able to provide against; but the fund will be able to meet their needs more fully when unemployment comes in a depression or unexpectedly over long periods.

Of course no unemployment insurance system can provide full compensation for all unemployment and all wage losses sustained. This has been used as an argument against any system at all—as if most forms of insurance are not alike in this respect. Life insurance sufficient to assure your family after death of as much income as you may be earning is rare and far more costly than working people can afford. On the average, the amount of protection granted by workmen's compensation laws in most states does not cover a third of the actual wage loss. Nevertheless compensation insurance has met to a very large extent the problem of distress from industrial accidents.

Unemployment may be insured against to the extent of 20, 30, 50 or higher percents of the wage loss due to lack of work. With the figures available in Ohio it was possible to determine fairly closely how much insurance could be purchased collectively at various premium levels. As in workmen's compensation it was found that costs could be reduced and the amount of current benefits enhanced by providing at one end a minimum waiting period and at the other end a maximum number of weeks for which benefits would be paid.

The Commission publishes a table [see page 646, right column] showing the various amounts of protection against unemployment that can be bought for various premiums ranging from 2 percent of the employers' payrolls to 4½ percent. Thus a premium as low as 2.3 percent of the payrolls would purchase benefits of 50 percent of normal weekly wages (with a maximum of $15 per week) over a period of 13 weeks, but the waiting period before benefits could begin would have to be four weeks. A premium as high as 4.5 percent on the other hand would purchase the same benefits of half-pay (with a maximum of $17.50) over a period of 26 weeks and with only a two-week waiting period.

On the basis of such calculations as these the Commission concludes that "employers and employes together can easily afford to make the small payments necessary to purchase enough insurance to pay for from one third to one half of the wage losses caused by unemployment, and thus provide enough income to keep self-respecting working people from becoming public charges." Specifically it recommends that at the start 3 percent of payrolls be fixed as the premium to be paid for unemployment insurance in Ohio, 2 percent to be paid by the employers and 1 percent by employes. This will purchase the following amount of insurance: "A benefit of 50 percent of the normal weekly wage of the insured beginning after a waiting period of three weeks and payable for a period of sixteen weeks, the maximum benefit in no case exceeding $15 per week."

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THE LAND WITHOUT UNEMPLOYMENT INSURANCE

Ohio unemployed seek aid of Governor White at the capitol, 1931

Thousands of unemployed meet at Independence Hall in P

IN STATES OF THE EAST AND OF THE
MASSES OF UNEMPLOYED GATHER TO

March of California unemployed in San Francisco to seek relief of Governor Rolph, 1931

Massachusetts unemployed assemble on

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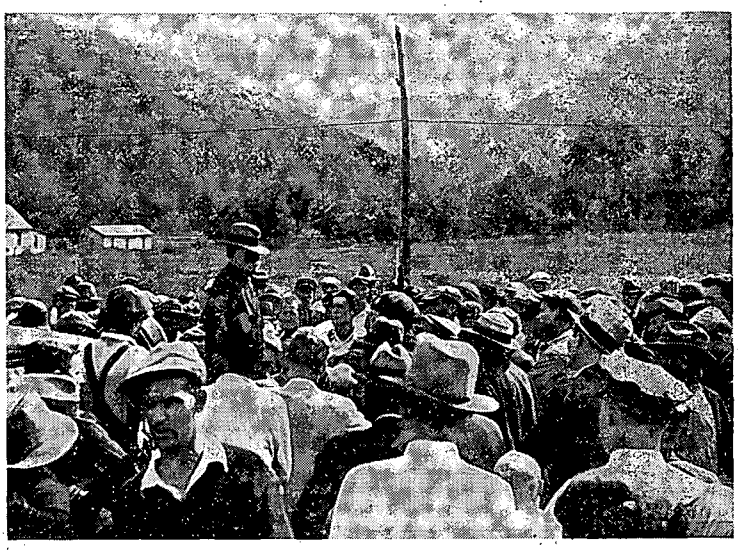
Keystone-Underwood photographs

hia and march to a demonstration at the city hall plaza, 1931

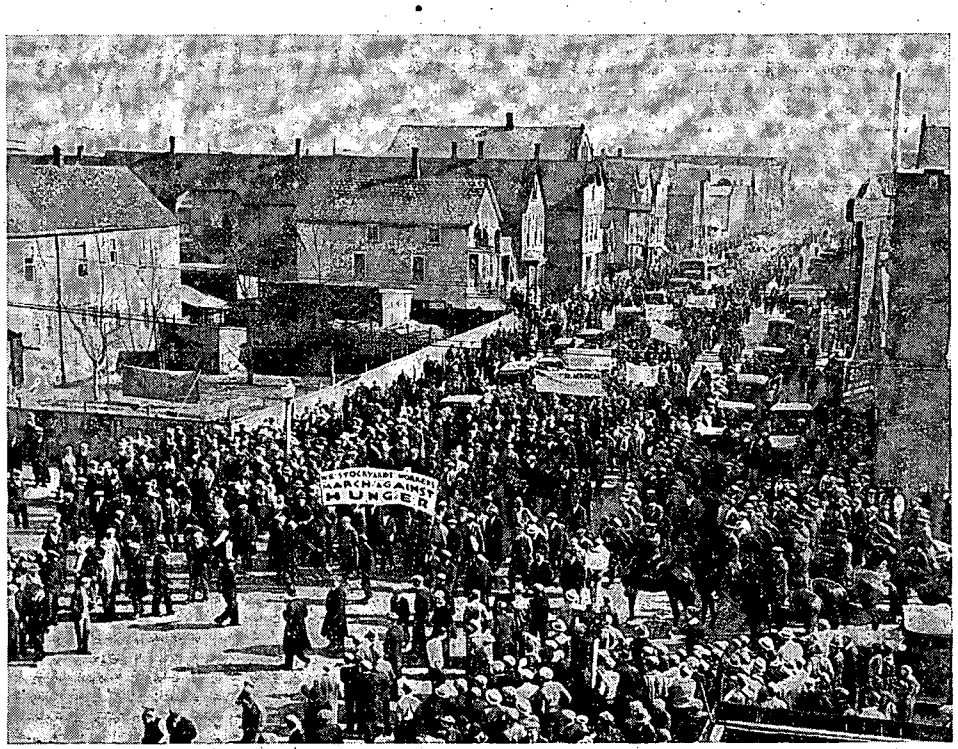


West Virginia miners petition Governor Conley for relief, 1931

Police in St. Louis break up a meeting of 3000 unemployed, 1932

T, OF THE NORTH AND OF THE SOUTH,
EST AGAINST HUNGER AND INSECURITY

Common to petition Governor Ely, 1932



Former Stock Yards workers parade in a four-mile march against hunger in Chicago, 1932

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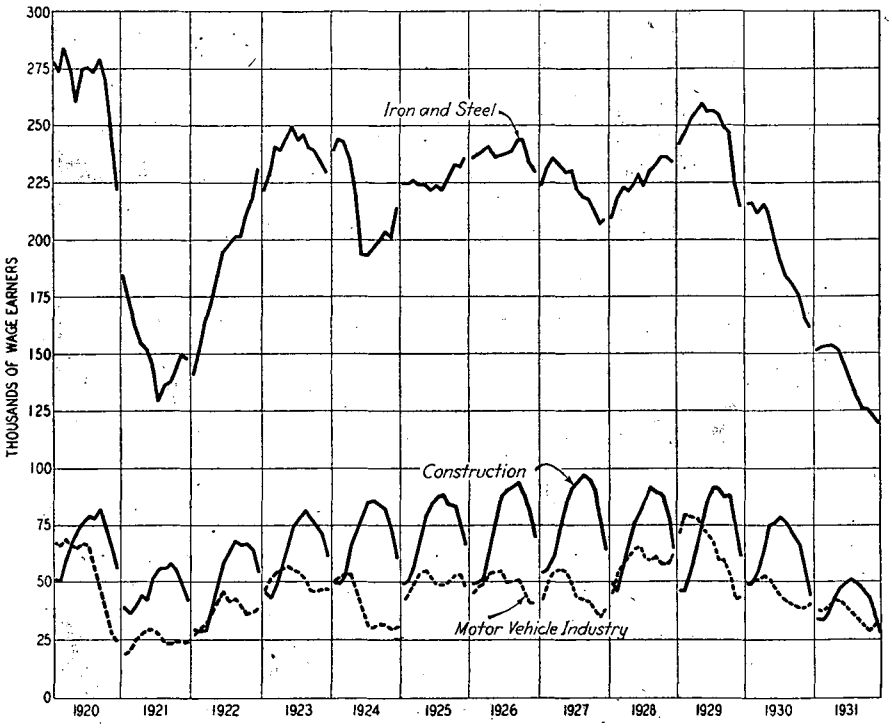


FLUCTUATING EMPLOYMENT IN OHIO, 1920–1931

"The fluctuation in employment in iron and steel is particularly significant. It illustrates vividly the reason for distribution in Youngstown, Niles and the whole steel area. Fluctuation in motor-vehicle production explains Toledo's situation primarily, and to some extent, Cleveland's. The fluctuation in the construction industry shows a neat pattern of seasonal unemployment." The breaks in the lines between December and January are due to the fact that the establishments reported are not always identical from year to year.

When There Is No Insurance: Who Pays?

A COMMON assumption unconsciously made is that without insurance there is no cost. But when there is no insurance the costs of unemployment must be paid just the same. The report of the Ohio Commission analyzes these costs, how they are paid, and who pays them. It reminds us that the costs are always of two kinds: the money costs, and the human costs here condensed from the Ohio report:

To the American Home. In the five industrial centers of Ohio, Cleveland, Cincinnati, Toledo, Columbus, and Youngstown, the number of court orders evicting families from their homes follow:

1930 . . . . . 26,928; 1931 . . . . . 27,670;
1932 . . . . . 35,000 (estimated)

Home-owning families are no less unfortunate than are tenants. Sheriffs' sales for thirty-one counties of the state amounted to 5290 in 1930, increased to 5890 in 1931, and in the first six months of 1932 jumped to a rate in excess of 7300.

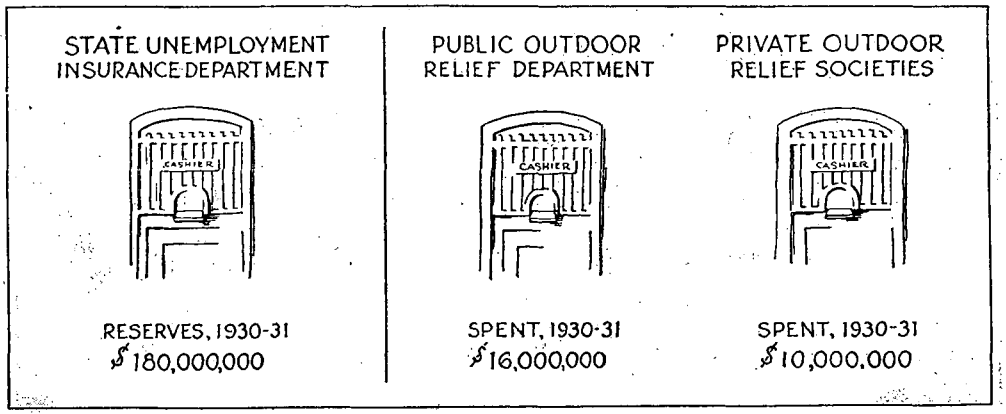
In many Ohio cities working people and others of small means own "duplex" apartments, in one of which they live while they rent out the other. The burden of unemployment that these and other landlords bear in unpaid rents can only be estimated. In Cleveland the relief committee of the City Council has suggested an appropriation of $1,000,000 in the 1933 budget for payment of rents, as insufficient resources have led relief agencies to adopt the policy of not paying rent except in cases of eviction. Social agencies in Cincinnati and Toledo estimate that in each of these cities unpaid rent for the year 1931 totalled something like $1,500,000. In Columbus the estimate for the same year was about $1,000,000.

To Family Life. In Cleveland 2655 destitute families were under the care of charitable agencies in 1929. By 1930 the number had grown to 7734; by the end of 1931 to 18,978, and in July 1932 to 24,834. Cincinnati had to provide for 22,400 such destitute families in June 1932, and Toledo was caring for 12,000. In February 1932 nine counties with approximately half the population of the state had 107,000 families dependent on public and private relief. And the commission estimates that the number this fall for the state as a whole exceeds 200,000. But relief agencies at least try to keep such families together. In addition, however, every community is faced with the cruel effects of broken families, with the problem of feeding, clothing and sheltering increasing numbers of homeless persons.

To the Children. In its brief request for relief funds from the Reconstruction Finance Corporation the Cuyahoga County Joint Relief Committee reports "a rapid increase of dependent children under county care in foster homes . . . directly due to the depression. . . . The number of such children now (September 1932) under care is double the number under care two years ago."

To the effects on children torn from their families and on boys that set off as wanderers on our public roads, must be added the effects on the children who remain in destitute families. These Judge Hoffman, with his background of experience in the Juvenile Court of Cincinnati, described at one of the public hearings of the Commission: "The conditions that exist in the homes where there are evictions are such as to twist the personality so that the child probably will not succeed thereafter in life. . . . I understand that last month there were 720 evictions in the city of Cincinnati. In other words, there were 720 homes that were broken up, 720 instances in which the property of the parties were thrown into the backyard or onto the street. Unquestionably the children can't understand such a process. . . . A conflict arises in the child's mind. . . . We may talk of law and government

(*Continued on page 671*)



If Ohio had acted ten years ago, it would have had $180,000,000 in unemployment reserves (left) against $26,000,000 spent for public and private relief (right)

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The Home Sales Racket

Who Sets the Pace—the Joneses or the Browns?

By ARTHUR C. HOLDEN

Drawings by the Author

KEEPING up with the Joneses was one of yesterday's big jobs. The conservative Mr. Brown didn't mind having the Joneses pass him, but he was extremely sensitive at being considered slow by his own wife and daughter. That was only a little while ago. Today his wife and daughter feel differently. Today the question is can the Joneses be saved? Will the Federal Home Loan Bank be able to come to the rescue? Or will special legislation be necessary by the states to prevent wholesale foreclosure proceedings that will deprive Mr. Jones of the typical American home in which he justly took so much pride.

Last month Mr. Brown's daughter came home from school one day with the story that Evelyn Jones had had to leave school to look for a job. Her father's health had broken down, largely because of worry the doctors said. His salary had been reduced just at the wrong time. There had been no money in the bank when the time came to meet the payments due upon the mortgages upon the Jones's house. It appeared that the bank was particularly insistent upon these because some of the back taxes were unpaid. Things generally appeared to be in a bad way for the Joneses. Mr. Jones's one hope was that President Hoover would do something to make it possible for the banks to loan him more money so that the situation might be "relieved." The President had held a Conference on Home Building and Home Ownership which met in Washington last December. For a time the Joneses lived in hope that, as a result of this conference, things would be made easier for home owners generally, and for themselves in particular.

While the Joneses had been hoping, Mr. Brown had read everything that appeared in the newspapers and magazines that touched on home ownership. He followed the reports of the President's conference. He even wrote to Washington asking for pamphlets and copies of some of the special detailed papers which were listed in the program. He discovered to his astonishment that the leaders who gathered in Washington advocated different policies of relief. Some of them talked about the American tradition and what the American family ought to have. The bankers declared for retrenchment and caution. They pointed out that mortgage loans should be reduced in times of falling values. The President, however, took the attitude that it was the business of industry to make it possible for every American family at some time to own its own home. The President, in his address, emphasized the need for financial assistance for the purchasing of the home. Mr. Brown recalled the case of the Joneses. The Joneses had had assistance which had made the purchase of a home possible. It was this assistance which had enabled the Joneses to set the pace, but despite assistance, something was certainly the matter now.

Many of the meetings of the President's Conference had delved deep into subjects that even Mr. Brown had hardly connected with the maintenance of the home: city planning, sub-division layout, taxation, special assessments, large scale operations, blighted areas. When he first began reading, all of these problems seemed a long way off from the subject.

As he became more interested, however, Mr. Brown began to realize that the home is not a thing like a dress or food that can be bought and paid for and put to use without any further worry. He began to see a home in a different light as something very much alive, a part of the community, in which not only the individual owner was interested, but which also concerned the financiers who loaned money on it, the community that collected taxes on it and the immediate neighbors who had to live with it morning, noon and night. Mr. Brown had long suspected that blunders on the part of a city administration might make the maintenance of a home impossible. City officials appeared to be very generally under the control of the real-estate speculators, acting in connivance with them to open up as much new land as possible under the general theory that it produced more taxes and, therefore, more income for the municipality. Mr. Brown could not see the benefit to the city of new districts on which to levy taxes if city expenses increased even more rapidly. He could see that ultimately the day of reckoning would come and taxes and assessments would be raised in the new districts to meet inevitable deficits.

MR. BROWN learned, too, that there were other factors besides municipal extravagances which threatened the stability of the American home and, therefore, the happiness of hundreds of families. Improper planning, poor construction and bad financial arrangements were, any one of them, likely to so overburden the family economically as to make it incapable of carrying on. Mr. Brown felt that the financial assistance which had been given had launched men like Mr. Jones in the swim and left them to founder.

In the printed reports of no less than seven of the twenty-five basic committees, which composed Mr. Hoover's conference there was the warning that the individual home could not be considered apart from its environment. Again and again in the proceedings Mr. Brown read that the experts had insisted that the burdens of the home owner could not be appreciably lightened until attention was focused upon the relation of one house to another and upon the need for scientific planning in terms of the district and the neighborhood. The majority of American homes he found were produced under the supposition that they were individual isolated units, built to be placed on sale as if they were commodities to be consumed by the public. Many of the evils and hardships of home ownership arose, so the reports charged, because of the failure of the producers of homes to recognize the economic and social relationship of the individual home to its community.

The Money and Credit Shortage

FROM the moment Mr. Brown began to study these reports he knew that they were very closely related to his own life and to the family difficulties of the Joneses. The Joneses had attempted to set the pace. While money was plentiful the Joneses were masters of the art of getting on and

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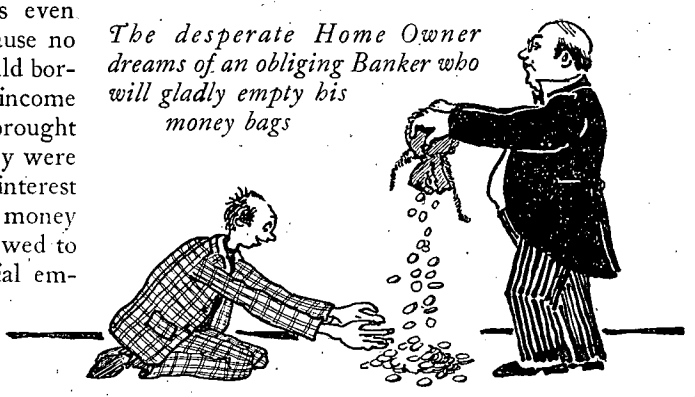
having things without paying for them. Then suddenly everything collapsed. Now that prices were lower it ought to be a great deal easier to buy things. On the contrary it was now impossible to buy the things even though they were cheap because no one, not even the Joneses, could borrow money. The decreased income of families like the Joneses brought with it a double tragedy. They were no longer able to meet the interest charges on the large sums of money which they had already borrowed to buy their home. The financial embarrassment of these families was hurting others.

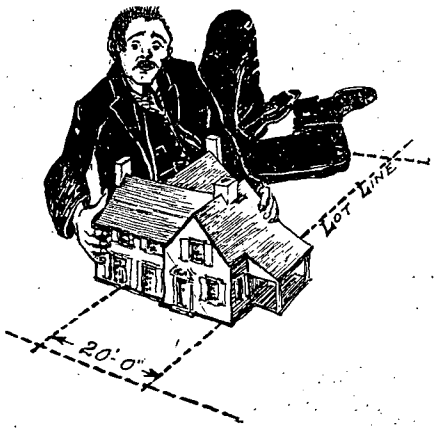
The desperate Home Owner dreams of an obliging Banker who will gladly empty his money bags



Certain pictures that Mr. Brown had had in his mind were now giving place to new pictures which put the whole problem of the American home in a very different light. When he had first heard of the President's Conference, he had imagined the banker as a kindly gentleman who, upon a patriotic appeal from the nation, would obligingly empty his money bags so that the eager home owner could gather up the precious gold pieces and use them to pay off indebtedness or make new advance payments towards the long sought for house that every American family had dreamed about.

Costs Must Eventually Be Met

MR. BROWN'S dreams now took on a somewhat different form. He saw himself vainly struggling to fit the original house that he himself had dreamed about upon the tiny plot of ground he was able to pay for. Vainly he appeared to struggle first to compress the house within narrower bounds and then to stretch the plot so as to contain the house. At last he rose up and fled for the open country where there was plenty of cheap land. As he ran a goblin with a hook seemed to be pursuing him seeking to pull him back, to hold him down, and to assess against him all the charges that are necessary to make land usable in the modern sense of the word—charges for new roads and transportation lines, sewers, and water lines, gas and electric light, police protection and schools. Behind the goblin hovered an ominous cloud threatening taxes and assessments, and rising prices. But he ran on, and as he ran he became aware that he was pursuing not a reality, but a beautiful vision that always kept just ahead of him, out of his reach. The vision which led him on was virgin land, which he like other men before him had vainly hoped to find unencumbered with past debts.



Mr. Brown tries to get his house on the tiny plot which was sold him

After such a nightmare Mr. Brown was more determined than ever to attack the problem of home owning from the only point of view that could bring him economic peace of mind. He realized that the interest charges and the taxes assessed against land represented the current economic rent which of necessity had to be laid against all land to pay for both the value of the use of the land itself and of the various necessary public services that made the use of this land possible. He had already realized that those who could not pay outright for their homes were of necessity forced to pay not only the interest charges upon the money they borrowed, but enough in addition to assure the repayment of the principle of the money borrowed within a reasonable length of time. It was the realization of this latter necessity which brought home to Mr. Brown the pathos of the situation of the average home owner. The average home was simply not good enough to outlast the period of the loan which was necessary to finance it. It began to look as if another racket were to be uncovered beneath the ballyhoo about home ownership.

Saleability Overemphasized

MR. BROWN had been brought up to feel that saleability was desirable in a home. He now realized that a great deal of harm has undoubtedly been done to real estate by the overemphasis which has been put upon saleability. Many of the individual homes, which have been "sold on terms" so easily, have proved unexpectedly burdensome when the family comes to realize its responsibility for finance charges, and for taxes and for assessments. It was good news to Mr. Brown that the Washington Conference at least revealed that the experts had begun to turn their attention to the task of making homes less expensive to carry and to live in. The trouble with the Joneses had been too much credit, too easily given, which had led them to extend themselves beyond their ability to pay. They had sought to escape the burden of rent paying and had learned, to their sorrow, that obligations are obligations, whether they be called by the name of rent or "easy monthly payments."

Partnership with the Financiers

WHEN the Joneses bought their house, they hadn't realized that *home owning is, after all, a partnership enterprise between the home owner on the one side and his financiers on the other.* The home owner assumes all the financial responsibility and in return for it gets the use of the house. But the home owner doesn't get complete ownership. Usually by far the largest share of the real ownership remains with those who own the mortgages. Conservative Mr. Brown realized this. That's the reason he didn't attempt to keep pace with the Joneses.

So long as the financial obligations are met, the mortgagees on their side of the partnership show little interest in the home-owner's affairs, but just as soon as Mr. Jones, the nominal owner, falls down in any of his payments, proceedings can be commenced which can be carried to the point where the property is forced into a foreclosure sale so that the debts to the mortgagees can be satisfied. Those who go into the home-owning partnership and loan their money on a mortgage, go into it as a business. First of all they require protection for the funds they invest. They require discounts of the owner. They require legal services, title insurance and recording fees. All of these costs add to the home-owner's burden. They are part

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of the cost of home owning. This means, of course, that Mr. Jones, the home-owning partner, pays interest on a far larger amount of money than actually goes into the construction of his house. The average home owner is inexperienced. He buys without realizing that the down payment he makes, even though it seems large to him, pays for a relatively small part of the price which is set upon the complete ownership of the house. It is the attractive and easy terms which make the sale possible. The Joneses want a lot for their money. The full significance of the obligations which as purchaser he takes upon himself for carrying charges, repairs and taxes are temporarily ignored in the enthusiasm of getting the house. When homes are built on a basis which makes them easy to dispose of by sale, but difficult to maintain because of burdensome carrying charges neither the best interests of the owners nor the mortgagees are served, and home owning becomes a racket instead of a desirable institution.

How to End the Home Sales Racket

HOME owners like the Joneses, who have been pinched by the contraction of credit and the lessening of their income, know that they have been made the victims of a "racket." That is the principal reason that they feel that something should be done for them either by the government or by the financiers. This raises a question as to the relative functions of government and of finance.

If the government, especially local government, has neglected to protect the home owner and has allowed exploitation to take place, the government may be called upon to punish the guilty parties and to support home owners in their attempt to obtain restitution. Local governments have been especially culpable in the indiscriminate support which they have given in the past to all developers of land. They have failed to distinguish between the exploiter and the legitimate developer. They have overestimated or failed altogether to take into consideration the reasonable economic limits for the rate of growth of their respective communities. As a result the public credit has been committed for expansions and improvements that have piled unreasonable burdens upon the tax payers. The promoters have been the beneficiaries of this premature expansion. They have made sales upon credit. Now that their heavily discounted obligations are not being met they are calling upon the government to do something to make financing easy again. They are weeping crocodile tears for the poor home owner who has been victimized by their own fine promises. What is needed from local government is intelligence and understanding of the problem of urban and suburban growth, and a wise fiscal policy based upon economic use instead of speculative sales.

There is the need, too, for immediate relief. In this the government must recognize the special type of partnership which exists between the home owner and his financiers and design any credit relief measure so that *both* will receive equitable protection and may be permitted to continue the partnership on terms that will be mutually beneficial. It must be remembered that the great bulk of mortgage funds are furnished by savings banks and life insurance companies, and similar institutions acting as trustees of the savings which are entrusted to them. Without interfering with the liberty of action or of contract, the government may set up a new form of procedure for readjustment to be used optionally in cases of mortgage default in place of the old fashioned and outworn and frequently unequitable method of foreclosure.

New Methods Imperative

THE adjustment which is needed calls for the rearrangement of our methods of finance. When President Hoover first addressed the original steering committee which planned his great Conference on Home Building and Home Ownership he declared that our system of secondary mortgage finance was "the most backward of our whole credit system." There was nothing which came out of the Conference calculated to improve upon it. There was a great deal of solemn talk about "conservative valuations," "50 percent mortgages," "sound construction" and "strong owners," on the part of those interested in loaning money on first mortgages, but they were virtually unanimous in disclaiming responsibility of what the "other elements" did.

Apparently, it was unknown to the Finance Committee of the Conference that seven other committees had reported that the neighborhood and the district rather than the individual house must be considered as the efficient unit of design. Financiers have apparently failed to realize that when they offer to loan 50 percent to 60 percent of the appraised value of the average home they may, in times of easy money, be virtually certain that that home will be built irrespective of whether it is a desirable type of home or not. By piously restricting first mortgages within conservative limits they have maintained their own safety by a wide margin yet they have closed their eyes to two factors vital to the home owner. The first of these is the kind of home that he gets. The second concerns the terms of secondary financial assistance that he must get to bridge the gap between his own money and the money which is loaned him by the first mortgagee.

The banks and insurance companies as the custodians of trust funds are regulated and protected by legislation which sets up rules to safeguard the loaning of trust funds on mortgages. The reason for the 50 percent to 60 percent restriction is the usual rapid rate of depreciation and obsolescence to which the average American home is subject. Those entrusted with the making of first mortgage loans have been smugly content with these legal restrictions and have contended that their obligations cease provided the security of the loan is assured and its obligations met. By strict adherence to the 50 percent to 60 percent rule they have freed themselves from the responsibility of passing upon either the *social usefulness or the economic soundness* of the building which their money helps to finance. Millions of dollars of savings of families like the Joneses and the Browns have been deposited with the financiers for safe keeping. So engrossed have these financiers been in the technique of investment (*Continued on page* 666)

Mr. Brown pursues Virgin Land to the outskirts—but can't escape the Demon of Taxes and Assessments

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Such Brains As We Use

By JOHN PALMER GAVIT

NOT long after the presidential election of 1916, in the course of a speech at the Lotos Club in New York, dear old Talcott Williams, then director of the Columbia School of Journalism, said: "On election night, when it seemed certain that Mr. Hughes had been elected, all of my friends who had voted for Mr. Wilson looked relieved. Next day, when it turned out that not Mr. Hughes but Mr. Wilson had been elected, all of my friends who had voted for Mr. Hughes—looked relieved."

As I write now, on the eve of the election of 1932, and therefore reflecting upon all and sundry of the candidates, parties, causes, arguments, yet upon nobody and nothing in especial in the welcome lull after the tornado of hot air, this pungent observation of Dr. Williams, himself a lifelong Republican, comes aptly to mind. It would be difficult to recall a presidential election in America in which so many thousands have voted—either way, *any* way—without convinced enthusiasm for a man whom they didn't want, for a party whose past performances, avowed program, obvious possibilities, they resented, deplored, feared; but on the theory that he and/or it appeared in all the circumstances to be by some narrow margin or in some particular respect perhaps less objectionable than another. Thousands will have voted for Thomas the Socialist candidate, even for Foster the Communist or another "also-ran," without a shred of tolerance for either, in sheer distrust or disgust toward both of the major parties or their candidates, by way of protest against the one or fear of the other. Innumerable the votes either way regardless of the head of the ticket but in repudiation of the political personalities and affiliations of the candidate for vice-president. This consideration is highly potent: I myself have seen four vice-presidents in the White House, and one president for months still physically there but wholly incapacitated. Thousands who would willingly have voted for Governor Roosevelt are skeptical about his health and cannot stomach his heir-apparent; only less numerous those who would however reluctantly put up with Hoover if it were not for his running-mate. A large proportion of Norman Thomas's vote will have come from Republicans and Democrats who have lost all confidence in their own parties and have seen in this recourse the only practicable way to a new and really Liberal Party. Practically countless are those staying away from the polls altogether, unwilling to vote for somebody or something that they don't want.

Few will believe, or even pretend to believe, in either case, that we have chosen our best. We seldom do, in our political life, national, state or local. We seem unable to do so. Our choice is always the fruit of compromise. The exceptionally good choices that we have made from time to time, as it were sporadically, usually have been political accidents due to extraordinary conditions, and in the final showdown cancelled by reversal of judgment due to unpopularity of actions which however meritorious were "poor politics." Our political system tends inexorably to kill off early and automatically all participants exhibiting real foresight, new ideas, independence, courage or ability out of the ordinary. The survivors are those commonplace who come nearest to pleasing everybody, all things to all men; or the cynically clever who can carry water on both shoulders without slopping; with the largest and most receptive ears closest to the ground. Now and then, when a really able, fearless man somehow comes through despite all this, "climbs up some other way," or is by extraordinary circumstances slipped in at the top, a rank outsider, the machine and the unappreciative crowd in the end destroy him. Mankind crucifies its saviors.

IT IS common to call this tendency one of the weaknesses of the American political system, or of democracy in general. The fact is that it is a universal characteristic of humanity. The Tammany district leader listens for the opinion and emotions of his neighborhood no more solicitously than Mussolini or Stalin. What they all study is the extent to which their people will stand for what they want to do. And the people will stand for anything presented to them in fascinating or plausible words, so long as concrete action and resulting conditions benefit or do not displease them individually. A crowd goes home when it begins to rain, not because the crowd is getting wet but because each individual member of it, in his separate each-ness, dislikes to have water running down his personal neck. And this is true alike in New York and Hangkow, in Naples and Petrograd, in Reyjkavik and Buenos Aires—everywhere where people are, between the Poles.

The best brains of the world, directly applied to the problems of the world, could solve them. It would not be difficult to ascertain what on the whole ought to be done to make the world a decent place for men, women and children. But doing what ought to be done would require interference with the seeming interest of groups and individuals who are, or think they are, very comfortable thank you, and right there the process always stalls. The men—and women—who know what to do and how to do it are set aside as soon as it appears that their program interferes with anybody. In the process familiarly known as "log-rolling," one such Anybody agrees to act with another such Anybody, a compromise is reached, and he is put in charge who will interfere the least, whose program promises benefit or at least no injury to Us, however much it may threaten the Other Crowd. The best illustration of it is perhaps in the making of our own tariff schedules.

This paralysis of the world's wisdom, this inability to utilize our best brains, is I am sure what Montagu Norman, governor of the Bank of England, had in mind when the other day he voiced something almost like despair of the world's ability to extricate itself from its present predicament. He did not know, he said in effect, of anybody wise enough to take this bull by the horns and turn him round into the way he should go. He was not as pessimistic as the first reports of his speech seemed to indicate; he prophesied recovery and a new era of prosperity; but clearly he saw it only in the old inveterate process of "muddling through." Somehow we shall climb over or burrow under the tariff walls that have hobbled the world's intercourse; somehow we shall plod ahead. But it might be so much easier!

We are no worse than the others. In our choice of leader for the next four years we have chosen along the line of least resistance, in the operation of our usual process. It might have been vastly worse. Upon the consequences of our choice during the next four years; upon how in concrete action and interplay with the rest of the world we continue under that leadership to adjust ourselves to the developments which we can only slightly control however inextricably we may be involved in them, will depend whether it does not in fact become vastly worse.

ALL of the foregoing remarks were written before the election, and with only the political prophet's notion as to the outcome. In the light of that outcome I have nothing to retract, and I defiantly refrain from the usual *ex post facto* "I told you so." But owing to the prevalence in what I wrote, of commendably short words, I am privileged to add brief afterthoughts. Mr. Roosevelt comes to the staggering job, unprecedented in the magnitude of its

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problems, and therefore of its opportunity, with so tremendous a popular mandate that, as in the case of no President before him, he can defy all political interference. Smoot of Utah, Watson of Indiana, Moses of New Hampshire, Bingham of Connecticut, the four outstanding apostles of wrong-headedness and stupid reaction in the Senate, have gone into the scrap-heap where they were long over-due; hence there is no really virile Republican leadership to obstruct him. No Democrat of importance will dare to do so. It remains for Mr. Roosevelt to show what he has in him—in the choice of his Cabinet, in his facing of the cyclopean tasks that confront him.

First of all the problem of the inter-allied debts. As I write this paragraph, President Hoover has invited him to conference, specifically on that subject with others incidental; patriotically anxious to do nothing in the four months' interval before his successor's inauguration liable to embarrass the national policy. The fate of the world for long to come hangs upon the results of that conference. The new President has no need to consider the ill-informed cracker-barrel and club-window clamor on the subject of the debts; not only can he have his way against all opposition—he has the golden chance, if he has the wisdom, to give his country once for all the guidance in this matter which it has so sadly lacked. By a majority so vast, so bi-partisan, as to be unmistakable, the nation has junked the whole dismal record begun under Harding in 1920. Even such political obligation as might be considered payable for the nomination itself to Hearst and McAdoo was obliterated on the spot by that of Garner. The slate is clean for the new writing, and the hand that is to write is free.

Another consideration is potent, belonging to the same story. Just as in 1920 the world's hope was smothered in the wave of reaction in this country following the war, when the Wilson idealism was swept aside by the tidal wave which brought in Hardingism, so now the overturn has reversed all that. For the first time since then we present to the world a new kind of united front. No longer can the Administration at Washington plead that its hands are tied. It can take up all the pending questions—disarmament, debts, tariffs, international relations generally,—on their merits in the light of intelligence such as has been sadly lacking all this time. The situation far transcends the limitations of partisan politics. The king is dead—long live the king!

A PERFECT example of the usual thing has been given by the Council of the League of Nations in its decision as to a successor for Sir Eric Drummond, who has been secretary-general since the founding of the League. Here was a chance to comb the world for the best possible man to command that great secretariat. It was theoretically possible but politically impossible to choose an American, free of bias as among the nations members of the League. The promotion of Harold Butler, the deputy director, to be head of the International Labor Office succeeding the late Albert Thomas, in itself admirable was supposed to preclude the selection of another Englishman as secretary-general; but by the same token it involved the precedent of seniority to the benefit of the deputy secretary-general, J. A. M. C. Avenol, who is French.

There is no obvious ground of objection to M. Avenol, who has had a distinguished career in post-war international relations—he came out of the French inspectorship of finance, was delegate to the finance commission in London 1916–23; a member of all inter-allied commissions. But his choice was expression not of determination to put the best brains in that most important post, but of international politics. And other considerations of the same kind ensue. There is Pierre Comert, likewise a Frenchman, a brilliant French journalist, with an extraordinarily competent staff representing almost every other country including the United States in the person of Arthur Sweetser. How, the politicians demand, can there be two Frenchmen in such important posts?

The end is not yet. The promotion of M. Avenol still awaits confirmation by the Extraordinary Assembly of the League, in session as these pages go to press. The point is, however, that the operation of the usual political (which is to say the usual human) considerations bedevils the choice, and has injected into the affairs of the League the same kind of local jealousies and ambitions that tie the hands of the President of the United States in appointing a member of the Interstate Commerce Commission or a justice of the Supreme Court. He must consider the claims of California vs. Alabama rather than to find the best brains regardless of any other consideration. The new President or the continuing one as the case may be, in selecting his Cabinet, with the best intentions in the world, will have to steer his course between these ancient human landmarks.

He cannot find the best brains entirely within his own present boundaries of acquaintance; he will have to accept the judgment of others; but over all will hang the old superstition that all sections of the country must have due consideration. Two from New York, three from Illinois or Nebraska or Virginia, though they were the best brains between the two oceans—unthinkable! Political compromise is inevitable, and that kind of compromise is the antithesis of excellence. We have not yet found out, in any quarter or activity of humanity, how to utilize our best. The wonder is not that we do so badly, but that despite all we do so well.

In partial apology and compromise for the appointment of M. Avenol, the Council created the post of second deputy secretary-general, which is expected to go as a sop to one of the smaller nations, probably Norway, with the understanding that Italy shall have the successor to Avenol in the first deputyship. Nevertheless in creating this new office, the Council took note of the financial stringency by making salary reductions so that six posts shall cost less than the original five. And the total budget of the League was held down to about its present figure of approximately $6,500,000 which, as the Swiss delegate remarked, is only about two thirds the expenditure of the city of Geneva.

ONE awaits with interest and excusable dubitation the outcome of the French proposal for the complete reorganization of European land forces, on the basis in general of a short-term conscription of limited national militias, and small professional units to comprise an international army, under an international general staff, for common protection against aggressors. On the whole, so far as explained, it "listens good," as the slang phrase goes, especially if it accompanies release of Germany from the humiliations imposed by the Versailles treaty. There can be no real measure of disarmament unless all participate under like conditions; there can be no "moral disarmament" while one great nation is treated as outside the family. France, at present armed to the teeth as Germany never was in her most threatening day, is obviously the one to make the decisive move; it seems too good to be true that she is actually and in good faith proposing measures of so profoundly revolutionary a character.

Here again appears that paralysis upon the world's avowed intentions. Excepting professional soldiers and manufacturers of munitions—and not all of those—the people of the world would rejoice unanimously at the complete disappearance of war and armaments from the face of the earth. But fear, international jealousies and ambitions, exigencies of internal politics, antiquated slogans playing upon general ignorance, palsy the best intentions. On the other hand, the poverty of all the peoples, the fact that you cannot spend millions upon firearms and still have it for bread, tends to antidote all this old stuff. Were the world depression to teach mankind something of this lesson, if necessary by still continued starvation, it would be worth the price. It is quite likely, in fact, that the cause of disarmament would be dead now, perhaps until after another world war upon whose ruins humanity would have to build again from scratch, if it were not that world bankruptcy is pounding some sense into even the thickest of skulls.

STALLED once in a remote country region, by some motor-trouble that I could not fathom, I walked a long way to bring back the only man the neighborhood knew as the kind of magician I needed. He found the difficulty immediately.

"I could have found that out myself," I said, "if I'd had any brains."

"Mister," he replied, "the trouble with you ain't that you ain't got no brains; it's that you don't use the brains you've got."

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Letters & Life

In which books, plays and people are discussed

Edited by LEON WHIPPLE

Russian Mirrors

I HAVE never been in Russia. But Russia has come to me. The Soviet Union *is* in 1932, inescapable for the solemn reason that there, for the first time in history, humanity is seeking to direct social progress, self-consciously, by reason and science to plan the collective life, limiting individualism and laissez-faire. The present dictatorship, Communists say, is the transitional first step. It will change, indeed has changed, but it must be faced. You and I generally face Russia second-hand, through books, mostly by visitors, and on certain of these I offer guide-notes, the impressions of a liberal layman without expert knowledge. They may serve American readers who are in the same boat. We must understand, to help and get help. We grope in a welter where everything seems both true and false; our authors say that life in Russia is so strange and upside-down that the student must undergo a change of mind and heart. Hear the odd cry of one Russian intellectual: "I have to read novels to find out how other people live in Russia." Even Russians are amateurs on Russia!

A SCIENTIST AMONG THE SOVIETS, *by Julian Huxley. Harper. 142 pp. Price $1.50 postpaid of Survey Graphic.*

RUSSIA: MARKET OR MENACE?, *by Thomas D. Campbell. Longmans. 148 pp. Price $2 postpaid of Survey Graphic.*

AN AMERICAN ENGINEER LOOKS AT RUSSIA, *by George A. Burrell. Stratford Co. 323 pp. Price $2.50 postpaid of Survey Graphic.*

SOVIET RUSSIA AS I SAW IT, *by Dr. William J. Robinson. International Press. 224 pp. Price $2 postpaid of Survey Graphic.*

THROUGH THE COMMUNIST LOOKING-GLASS, *by Harry Stekoll. Brewer, Warren & Putnam. 265 pp. Price $2.50 postpaid of Survey Graphic.*

DAWN IN RUSSIA, *by Waldo Frank. Scribners. 272 pp. Price $2.25 postpaid of Survey Graphic.*

MACHINES AND MEN IN RUSSIA, *by Louis Fischer. Harrison Smith. 283 pp. Price $2.50 postpaid of Survey Graphic.*

THE SOVIET WORKER, *by Joseph Freeman. Liveright. 408 pp. Price $2.50 postpaid of Survey Graphic.*

RED RUSSIA, *by Theodor Seibert. Century. 425 pp. Price $3 postpaid of Survey Graphic.*

Slowly truth is being distilled. Russia seems to enforce open-mindedness and sincerity. Every student now tries to draw up a balance sheet that recognizes good and bad and the process of trial and error. Russia has become objective, a phenomenon of history, not demonology, that in fifteen years has revealed trends and periods such as military communism, the NEP, peasant revolt, Piatiletka, world depression. Visitors no longer come back from Utopia, Mars or the Inferno, but from a vast human adventure by men and women still in the pioneer stage where the price in life and suffering has been so terrible that all of us must humbly seek to learn. Russia again belongs to the race: the adventure is our own, for good or ill . . . and, they report, the auspices are favorable because:

1. Russia is a going concern, stable enough to work along with the experiment despite probable political changes, and pushing standards of living forward fast enough to forestall rebellion within.
2. The true test will come in twenty years or more when with a new generation trained and economic bases established Russia will confront the problems of incentives, leisure, culture.
3. The test will be on what this kind of Communism has done to the individual, youth, the artists, to education and faith, to liberty and the human spirit.
4. Russia and the world will compete and change each other so that we may hope for a civilization that will unite the lessons of communism and plan with those of individualism and liberty.
5. There is enough of good in Russia and of contrast to planlessness, with our present distress, to make us take data from the Soviet Union and change it for our own needs. We need not fear Russia for her energy is consumed on this strange enterprise in self-consciousness.

The technicians who report their experiences in certain fields like much in Russia: the basing of life on plan, the use of science, the sense of drive and problems to be solved. They hate the muddling, low living standards, red-tape, and deficiencies in personnel. Julian Huxley is fascinating on Russian research that is intensely practical (geese are bred to yield four crops of feathers a year!) hooked up with actual field work, and thinks that pure science will be fostered if only because it is the foundation of utilitarian science. The people seem healthy despite work and deprivation. The Moscow deathrate was 23.1 per 1000 in 1913 and 13 in 1930. Athletics and medical service, despite handicaps, promise a strong people in twenty years—the usual span of prophecy. The institute on cereals has twenty-eight thousand kinds of wheat to study. You will enjoy his facts and his philosophy of plan. He challenges other nations to plan and the Soviet Union to show her plan fosters a good life. Russia already holds conferences on the planning of Planning. He accepts the price to be paid for the sake of the future.

THOMAS CAMPBELL, master of mass mechanized farming, was borrowed from a ninety-five thousand acre Montana wheat farm, with all his prejudices against Communism and dictators, to advise on collective farming. He judged Stalin as a big executive, stern but with good intent, and went to work. His report is on farming in Russia, which he approves and for which he foresees success. But as in every case, the tough-minded technician had to consider the human equation. He notes the suffering of the *kulaks*, the regimentation, but declares there is little unhappiness on the farms, no destruction of true home life, much that is fine in the sex and marriage ideals, and that the Five-Year Plan will succeed. You will be surprised to find that he foresees an evolution that will undermine Communism by the very education it now provides; and a natural return to religion when the present wave of atheism and materialism has waned. The Russians do not suspect they are practising the teachings of Jesus. "The Russians may be the real Christians tomorrow." Campbell, the farmer, thinks in long slow terms, even back to the pioneer sufferings when we won the West.

COLONEL BURRELL, oil technician, relates his own and his wife's experience in an oil town, with the intimate detail that reveals how people live every day. Then adds (as they all do) his view on the Soviet system, pretty judicially, and with criticism enough of modern capitalism so that he ends with the oft-found formula: Wait for a generation and we'll probably get a compromise system with the best of both ideas. He is very instructive, especially on the repressive forces like the Ogpu, or state police. It is hard to find out how much of Russian living is coerced by threats. Some certainly, though not as in the days of the Cheka. The pressure is secret, and people do not talk. It is a primary point for advocates of planning *à la Russe*.

IT IS odd that Dr. William J. Robinson, a pioneer in sex study in America and friend of the Revolution, pacifist and opponent of religious superstition, went hopefully to Russia and came back sad, distressed and dubious. The humanitarian liberal finds life and suffering too cheap, the old and declassed comfortless and unhappy,

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political despotism, not democracy, no free press, the Ogpu and Red Army everywhere. There is no liberty (even atheism is not a *free* choice) and common life is dirty, crowded, hungry and regimented. There is incessant window-dressing (he spoke Russian and that seems important); the intellectuals have been wasted; no literary work of permanent value has been produced. We get here the grey, underfed, resigned masses: what, I think, all of us would see. But the doctor's liberalism wins, for he credits the Soviets with their fine courts and penology, their free common-sense on sex and marriage, the open doors to education, and the abolition of fear and class inferiority complex. All feel equal even in hunger. So he urges recognition and "hands off." Russia's destiny is her own. Ironically, this libertarian enjoyed "a rest from sex" and approved the ban on pornography.

STEKOLL'S approach promised much: born in Riga, he came to America at eighteen after two years' imprisonment for revolutionary work. He returned from the Tulsa oil-fields, and explored away from the show places, knowing the language and the revolutionary background. He reminds me of the old grad who finds alma mater sadly changed; he sees the grey masses and he fears Russian industry (oil, say) in a world that will not rationalize. His analysis of the roots of the Bolsheviks and his inside view are interesting; yet his report seemed unfruitful.

WALDO FRANK, literary traveller, registers his emotional impressions vividly and with an intuitive response to the sweep of life, the vigor of Russian youth, and the common earthly humanity of these friendly people. He alone found black bread delicious—as symbol. He thinks the Russians are happy in hope, if not now in body. Then he adds a section of cool dialectics on this first "human world culture" that he believes we must all defend so that we may gather its fruits tomorrow. The hope of this true culture, rooted in a kind of universal human religious emotion, is that after sterile propaganda we shall get creation. Frank grapples with spiritual problems. That is needed.

NEWS from Russia is Louis Fischer's contribution: on the effects of world depression, on Russian-Japanese relations, on the status of Jews, on the challenge—Can Capitalism plan? Not, he answers, unless we have central control and limit profit-making. He has good chapters on the practice of literature, criticism, proletarian art. One author read his novel to the workers he had studied: they cry out for the hero whom they recognize to get up and tell his own story. He can do it better! There is a rich chapter on the sufferings of intellectuals and recovery of status under Stalin's recent order admitting technicians to the highest labor class. The breach between mental and manual labor will be healed. They need each other. Fischer is understanding and informed.

FOR pure information, codes, laws, plans, statistical surveys, that define the true status of the Russian worker and also survey the industrial scene from the old régime right through the Soviet economy, planning, unions, wages and hours, consumption, to the problems of "forced" labor (not found) and cultural benefits, Freeman's study is admirable. Compulsory reading for students of industrial relations, I judge. The whole skeleton of an economy of workers is given. What flesh of living relations results is not so clearly presented.

AFTER four years of residence and travel, Theodor Seibert, correspondent and German, presents Red Russia from every angle, starting with our ignorance, going through political, educational, cultural and economic life, to a judgment on the mission of Bolshevism. He covers everything, and certainly is not pro-Soviet. The aim is to be factual, objective, judicial but whether he succeeds seems open to question. That it is a valuable study of the morphology of the Soviet system, and should be read, is certain.

One impression remains: to read about Russia is not only a duty, but an invigorating experience. It is a kind of escape. Right or wrong, Russia is going places and doing things. There are suffering, repression, failure, but there are also hopes, energy, and a first plan. There is the kind of happiness that comes from sacrifices for a vision. This part of the race is struggling for a new way of life. Are we so certain of our old way that we must stop our ears against the chant: O Pioneers?

LEON WHIPPLE

Men and Machines in Yorkshire

INHERITANCE, *by Phyllis Bentley. Macmillan. 592 pp. Price* $2.50 *postpaid of Survey Graphic.*

INHERITANCE is a powerful story of the fortunes of six generations of a textile family in Yorkshire. The story begins with the father of Will Oldroyd in the early part of the nineteenth century. He is introducing into his mill the first crude weaving frames which displaced a considerable amount of hand labor. His son is learning the trade to take over the business from the father.

That time comes earlier than expected. The elder Oldroyd is murdered by a group of men allied with the Luddites, a secret organization the members of which swore to resist to death the oncoming industrial changes. Connected with the killers, though presumably innocent of the actual crime, is the brother of the girl Will intends to marry. He forsakes her and is unaware until years after that she has borne him a son. In the meantime he has married and has a legitimate son slightly younger than the child of his earlier love.

Throughout the story the two strains in the family are brought together in a dramatic fashion. The legitimate line is practical, powerful and, except for short intervals, prosperous. The sons are industrial Tories whose chief interest is building up their mills. The other side of the family is humble, struggling to make ends meet, interested in the early radical and reform movements, a dash of fanaticism in their make-up.

The story is one of men and machines. The Oldroyd mills keep pace with the advancing industrial revolution. The conditions under which the workers produced are pictured. Especially vivid is the description of the work of children and the physical consequences of such work. The author, however, is concerned primarily with human reactions rather than graphic descriptions. On the one side is the attitude of the dominant owner; on the other that of the workers, stunted in body but groping in mind. The mass reaction is seen in the dark movements of the Luddites and the later reformism of the Chartists and the legislative activities of the humanitarians.

The end of the story deals with the downfall of the Oldroyd business after the World War. Yet one is left to wonder just where the family ends. After the business is sold and the remnants of the family are riding away from the scene the young son, the last offspring of the crossing of the two strains, jumps from the train crying, "I can't leave the Ire Valley, father. I am sorry for the people, I don't see that I can help it—I can't break off in the middle of a fight. I must go on."

Here is a dramatic story of the Industrial Revolution, more vivid and human than one thousand pages of "industrial history."

New York University

LOIS MACDONALD

Is the South Liberal?

LIBERALISM IN THE SOUTH, *by Virginius Dabney. Univ. of North Carolina Press. 441 pp. Price* $2.50 *postpaid of Survey Graphic.*

TO important and absorbing content this book adds admirable English style. The pages have the simplicity and ease of long practice. Would that university presses, publishing the results of careful inquiry, could find always authors gifted with such forthright and clear expression!

Mr. Dabney considers liberalism in the South (and by contrast Bourbonism) with reference to many of the leading themes of social controversy—politics, slavery and the treatment of the free Negro, religion, industry, women's rights, prohibition, literary expression. Though his mental footwork is so deft, he has claws in his pads, and he bares these with courage and effect, particularly in lacerating obscurantist preachers and deceiving, self-seeking politicians.

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This book, in its objective statement and matter-of-course application of broad standards, is itself an illustration of the remark of President Harry Chase that "the South is being Americanized." Fitted by birth, education, residence, and affection to understand the South, the author makes it his locus, but not his mental and spiritual preoccupation. The South has been cursed by apologists, but has rarely been injured by critics.

There is a valuable study of Southern magazines and newspapers. Journalism is Mr. Dabney's profession, and his running comment on editors past and present furnishes needed information.

The author distinguishes two classes of liberals—those who object to social coercion, and those who believe that liberty arises and is protected by a measure of restraint. His two criteria are tolerance combined with conviction, and a regard for the dignity and worth of the average man.

Liberalism, as is abundantly recognized in the book, is a relative term. Mr. Dabney may have given it too restricted a meaning. Very few of his liberals have questioned or advocated changes in fundamental economic institutions. Many of them are of so faint a stripe as to be merely enlightened, not liberal. Many of them are humanitarians with no claim to a social philosophy. The author has often confused constructiveness and liberalism. The building of schools, roads and factories and the advancement of agricultural methods may indicate progress rather than reveal liberalism. This is not to say that liberalism implies only dissent, for those who have objected to the Fundamentalists in the South, however courageous they have been, cannot claim, in this day, to be mentally liberated; it is that the Fundamentalists, through poverty, isolation and ignorance, are woefully behindhand, and not that their opponents are forward at all.

The South's liberalism has rarely risen to what Mr. Dabney would probably class (one is sure with no animus) as radicalism. Precious few Southerners in the generation preceding the Civil War questioned publicly the institution of private property in human beings, and few since then have questioned the sanctity of private property in land and capital instruments of social production. One has the feeling, when all is said, that liberalism in the South has ground along in a low gear, and is praiseworthy rather for the obstacles it has met than in its own advance. Mr. Dabney is too much concerned with the older liberalism of laissez-faire, and too little mindful of the newer liberalism which would make use of collective strength. If the Manchester School refuted the Mercantilists, so did Marx refute the Manchester School. It is not startling to suggest that liberalism will find its future task not in championing individualism as against collectivism, but through collectivism.

Johns Hopkins University BROADUS MITCHELL

Nurses Errant

NURSES ON HORSEBACK, *by Ernest Poole. Macmillan. 168 pp. Price $2:50 postpaid of Survey Graphic.*

NURSES on Horseback is a true picture of the mountain conditions in Kentucky and of the simple, courageous people who, knowing nothing of the safeguards and comforts of life as we live it, are meeting the hardships of primitive living today with that same uncomplaining self-dependence and kindly neighborliness that makes the tales of our colonial ancestors so fascinating and encouraging.

Before the War I first heard Mary Breckinridge talk of the uncared for mothers in the mountains. Later I learned of her hopes and plans for bringing modern public-health nursing and midwifery to these mothers. Nurses on Horseback tells how she did it, the development of the Frontier Nursing Service with its local committees, its national advisory committees of doctors and nurses and of friends who help to finance the work. Recently Ernest Poole rode into that country and visited the hospital that has been built at Hyden and five of the outlying centers where the nurse-midwives live, hold clinics, and from which they ride to the homes of the people. To tell the whole truth about these people he includes stories of what has happened when the mountaineers' code of honor or square dealing has been violated. There is no kindliness then. It is a stark elemental justice.

Mr. Poole describes the life and work of the public-health nurse midwife, the couriers, the director of the service and her assistants. It is a moving tale of trained women who ride long hours day or night to bring skilled care to a mother who is having a baby, or a husband hurt in the woods or a lad who has been shot—or it may be someone who must be immunized against diphtheria or smallpox or typhoid.

The book is as full of the drama of living as any good novel. It is better than a dozen sermons on "service," "courage," "devotion."

It is an antidote for the pessimism about this nation's loss of those qualities which our forefathers showed in its making. We in the cities may have lost them but they are there in those mountain people. They can be saved to the nation by more of just such work as the Frontier Nursing Service is doing, in cooperation with the State Health Department, the nearest hospitals, doctors, dentists, and economists, not forgetting the people themselves.

Maternity Center Association, New York City HAZEL CORBIN

Rockefeller, Creator

GOD'S GOLD, *by John T. Flynn. Harcourt, Brace. 520 pp. Price $3.50 postpaid of Survey Graphic.*

JOHN FLYNN has written a biography of the world's foremost capitalist, John D. Rockefeller, painting him not as a scheming hypocrite, nor as a great philanthropist but as a great organizer, a creature of his times, but ahead of them. He is a business man who thought long thoughts and brought them to fruition, who created order out of an industrial chaos, and stalked in the face of the traditions and the prevailing business ideology. But at the end of this remarkable treatise on American economic history one wonders!

Was Rockefeller the great genius of business? Was his life really one well-laid plan? Was he the complete master of his fate in a world torn by the chaos of competition, in a country so rich in natural resources and economic possibilities that industrial planning and conserving was an economic anomaly? Or was the extraordinary rise of the man due to the inheritance of peculiar charlatan traits from his "medicine man" father, plus the element of chance, and the peculiar historical necessity for a coordinator in an industry that was being torn to pieces? Rockefeller's biographer states that "the key to the man's life is that everything in it has been carried out in accordance with a carefully considered plan." But the life of John D. seems to have been just too well planned—too perfect to be human.

Yet there is an amazing consistency in the character of Rockefeller. Here is the boy who kept his savings in a blue bowl on his mother's shelf and lent at interest to a neighbor, marvelling at the phenomenon of money making more money for him. Become a man, he lived in a rising industrial community where social, political and cultural values were being formed—but because he believed in "minding his own business" he kept a daily tryst with his office, his home and his church—and saw little of the world around him. This is the man whose motto was "attention to details" and who therefore pored over his own bookkeeping long after he was the richest man in Cleveland. The same man squeezed his competitors in the oil industry out of business, secured rebates and drawbacks from the railroads not only on his own oil shipments but also on those of his competitors. And true to the logical development of his personality he isolated himself from the public during the long years of public censure, law suits and newspaper calumny—and attended to his own business. Today he isolates himself in the Pocantico Hills, an old, old man—with short, short thoughts concerned primarily with the plan of prolonging his life another year!

The picture of the early history of the oil industry is typical of the period of economic brigandage—cruel, wasteful, heartbreaking scenes bound to occur in a country rich in natural resources where the spirit of free competition and free enterprise runs wild. The author makes much of the fact that the hatred against Rockefeller came because American business men still believed in the ideology of Adam Smith—and the oil magnate was challenging those beliefs. He states that the Rockefeller fortunes were more honestly made than those of his peers, Vanderbilt, Gould, Havemeyer. "Honesty" in business organization is always (*Continued on page 661*)

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MEDICAL CARE FOR ALL OF US
(*Continued from page* 633)

4. That united attempts be made to restore the general practitioner to the central place in medical practice.

5. That the corporate practice of medicine, financed through intermediary agencies be vigorously and persistently opposed as being economically wasteful, inimical to a continued and sustained high quality of medical care, or unfair exploitation of the medical profession.

6. That methods be given careful trial which can rightly be fitted into our present institutions and agencies without interfering with the fundamentals of medical practice.

7. The development by state or county medical societies of plans for medical care.

The gist of the two sets of recommendations is in the case of the Committee's report an incentive to communal leadership with medical participation, and according to the ideas of the minority, a call for medical leadership from its own particular pedestal.

A PRAGMATIC EXPERIMENT WITH TAXES
(*Continued from page* 639)

lowered, land prices and rents soared; and owners of vacant land, when tax-free, held such sites indefinitely for speculative profit.

In the Left, however, taxes by 1942 had been removed entirely from the products of labor and had come to absorb about 80 percent of the economic rent of land. It thus ceased to be profitable to hold land out of use, and vacant land was available in abundance at about 20 percent of its former asking price. This stimulated better housing on more spacious sites for the mass of the population than ever before; and it enabled the municipal governments to acquire ample sites for parks, playgrounds and public buildings at low cost.

As the years went on it was still contended in the Province of the Right that, once the factory owner or householder there had bought his land and erected his building, he would thereafter be free from taxes on them. Is he not, therefore, better off in the long run, it was asked, than if under the laws of the Left? This argument, of course, overlooks three facts:

(1) In the Left, also, all real-estate and property taxes have been abolished except the tax on the land, according to its value.

(2) Sales of building materials and equipment in the Left not being taxed, it has become much cheaper to erect factories and homes in that province than in the Right.

(3) Since 1942 anyone who has rented or purchased land in the Right has contributed to the seller, in monthly payments or their capitalized value, the entire economic rent—wealth which the seller never created. On top of this the purchaser pays sales taxes on the improvements he creates. The citizen of the Left, to be sure, also pays the economic rent of the land he uses, but instead of paying all of it to the previous owner he pays only 20 percent of the amount to him, and pays the remaining 80 percent to the government for all local taxes.

But the land tax alone cannot be credited with the freedom from poverty and unemployment which have become characteristic of the Left, nor for the many fine public and community buildings, parks, playgrounds, water fronts, unpolluted streams, absence of slums, and abundance of good low-cost housing to be found throughout that thriving province. An important factor in bringing these conditions about has been the method adopted in the Left of diverting unneeded capital into public services or consumption goods. As indicated in the 1932 statement of principles, leading economists of the Left had shown that what was then needed was not greater ability to produce, but greater ability to consume. They had shown, too, that over-investment in competitive manufacture and retailing, and under-investment in non-competitive public and cultural improvements, was a major cause of the then existing depression.

Step by step, therefore, with the adoption of the land tax and the abolition of all other taxes, the Left imposed higher super-taxes on incomes, especially on those in excess of $50,000 a year, and on inheritances in excess of $500,000. The revenues thus secured were applied towards the types of (*Continued on page* 662)

little Graziella wants a gold star

MONTH AFTER MONTH, she hopes to see that star "for neatness" shining on her report card. It's never there.

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The waiter has been described as "the man whose face you never see," a true and perfect description as far as most of the public are concerned. Yet the waiters do not complain; they are generally quite philosophic about it. Certainly the Statler waiters* are.

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TRAVELER'S NOTEBOOK

University of the Air

HENDRIK WILLEM van Loon, author of The Story of Mankind and of Geography, is giving a course in history over station WEVD every Friday evening at eight-fifteen. With his usual frankness, Mr. van Loon admits that the idea of turning the radio into an educational institution is not original with him; "barbarous Russia" and other countries of Europe are the pioneers. He has long been eager to put some American air to the same use. His proposal was not accepted by the major radio companies; they felt it was too nebulous and would require millions of dollars. It is interesting enough therefore that the station dedicated to Eugene V. Debs, which has no funds to speak of, should join forces with Mr. van Loon, who contributes his services.

Clearly Mr. van Loon does not agree with some who dismiss history as having no practical significance. If they do not exactly repeat themselves, past incidents resemble present happenings closely enough, he believes, to make history a "gyroscope" by which man may keep an even keel. Among his illustrations he showed just how this historic gyroscope would have helped to maintain our balance in riding the waves of propaganda during the World War. He began his course on November 4 with the year 1769, when James Watt invented the steam engine and we "deserted the beasts of burden" for a machine civilization. Readers of his books and admirers of his drawings know how stimulating Mr. van Loon's mind is. To get that mind through his voice is a double treat.

Mr. van Loon is cooperating with WEVD in framing a wider curriculum—philosophy, psychology, music, literature, art and drama. Already they have the promise of help from Prof. John Dewey and Morris Cohen for a course in philosophy; Michael Strange on poetry and drama; and Harry Cumpson, concert pianist, on music.

The Advance Guard in England

A FENNER BROCKWAY, national chairman of the Independent Labour Party of Great Britain and editor of the English New Leader, is in America giving a series of lectures for the League for Industrial Democracy. Active in the English Labour Party since nineteen years of age, a conscientious objector during the war, a skilled debater with an expert knowledge of his subjects, he now represents the more uncompromising wing of the English labor movement. He is a speaker well worth listening to; a Socialist who, from experience, deals with Socialism not as a theory but as a practicable and imminent fact. For information concerning his speaking dates address Mary Fox, 112 East 19 Street, New York.—H. M.

Miscellany

THESE choice tidbits have been culled from Science Newsletter: A sea-elephant can eat one hundred and fifty pounds of fish in a day, and can go without eating for two months. At Minet-el-Beida, in Syria, archaeologists found the burial of a royal lady whose toilet articles included one thousand vases for perfumes and other beautifiers. An ethnologist reports that the

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so-called gypsy music of Hungary is not truly Hungarian nor truly gypsy, but corresponds somewhat to American jazz. Although Alaska's great piedmont glacier, the Malaspina, consists of ice over a thousand feet thick, a dense spruce forest can be supported by its dirt-mantled fringes.

Did you know that the official name of Holland is The Netherlands; that while it covers an area of thirteen thousand square miles —smaller than California or Texas—its possessions in Asia, Australia and South America measure seven hundred and seventy-two thousand square miles; that it is a power to reckon with in the world of commerce, art, education, shipping? G. H. Ravelli says so in his Facts and Figures in a special edition of Ons Nederland.

A Recent bulletin of the Travel and Industrial Development Association of Great Britain and Ireland tells of a permanent camp for international friendship at Telham Hill, near Hastings—on the Sussex Coast. It was inaugurated August 4, the anniversary of the outbreak of war, by the mayor of Hastings, who planted a tree of peace on the historic site of Telham Hill, where William the Conqueror directed the Battle of Hastings. Arrangements have been made for next year, and some three hundred young French, German and Swedish visitors are expected.

Also, because of the growing popularity of Shakespeare's birthplace and the new Memorial Theater, the Great Western Railway will, for the first time this winter, continue its summer Sunday service between Birmingham and Stratford-on-Avon. It is estimated that admission fees to see the interior of the theater amounted to two thousand pounds.

LETTERS AND LIFE
(*Continued from page 658*)

a term difficult to define, there is but an ephemeral code of business ethics and the social historian is not yet born who can create standards of ethical procedure for all businesses—for all time.

Theresa Wolfson

Do Majorities Make Minorities?

AMERICAN MINORITY PEOPLES, *by Donald Young. Harper. 621 pp. Price $3.50 postpaid of Survey Graphic.*

NO single term designating the divisions in American life that are based on racial or national differences is quite satisfactory. The groups discussed in the present volume have no clear-cut racial or cultural identity; and they are not "minorities" in the European political sense—chiefly because we have no homogeneous "majority." One of the most interesting though least explored phenomena in our social ecology is the diversity of feeling and behavior toward any of the minorities on the part of those who in their totality constitute in relation to it the majority.

Mr. Young is summarizing the results of recent studies concerning both the various "minorities" themselves and the "majority" attitudes toward them. The book begins with a chapter on racial prejudices and, after a brief discussion of human migration as a cause of our social divisions, proceeds to state the problems occasioned by the presence of minority racial and cultural groups in agriculture and industry, in citizenship and law observance, and in various aspects of the social life. Incidentally, differences in vitality and attainments, the consequences of race mixture, and the results obtained with different types of segregative and discriminative measures, are discussed.

Although the author's bias toward liberalism in inter-group relations is evident, the plan of the book provides a wholesome exercise in obtaining objectivity in that it forces the reader to shuttle back and forth between consideration of the traits of particular groups (alleged or scientifically ascertained) and consideration of those influences which outside pressure exercises upon their experiences. In this way it is seen that Orientals, Mexicans, Negroes, Jews, and other peoples among us often share difficulties for which not they but their neighbors of other stocks are responsible.

Bruno Lasker

Let holly-time mean holiday

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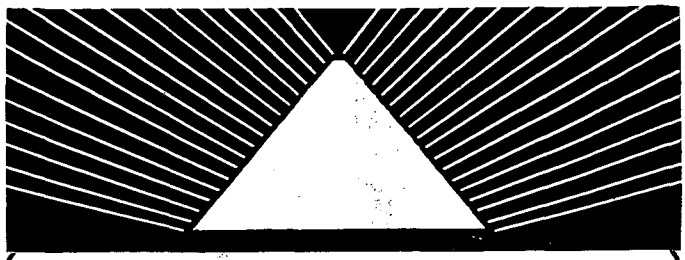

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(*Continued from page* 659) improvements just enumerated, thus not only increasing employment, but providing assets for the province much more valuable than an excess supply of semi-idle factories, farms, retail stores and gasoline stations.

Meanwhile, in the Province of the Right, less happy conditions were prevailing for the so-called working classes—and, indeed, for the most of the wealthier classes too.

As soon as business conditions showed a noticeable improvement, following the depression of 1932, the mistakes which had been largely responsible for that depression were repeated by captains of industry in the Right. Big business and big finance lacked the vision or compulsion to distribute a generous share of their profits through increased wages and shorter hours for the workers, and through gifts for cultural and recreational activities which would divert excess savings from competitive industry and trade.

Landowners, too, freed from taxes and able to charge higher rents, were accumulating unearned surpluses for which they sought profitable investments. As the landowners of the Right obviously could not all get rich and stay rich by selling or renting land to one another, they put much of their money into factories, hotels, skyscrapers, high-pressure salesmanship and other instruments of production and trade of which there was already an unprofitable excess. They also continued to throw men out of work through technological advances in methods of production; and the dole, reluctantly adopted as a temporary expedient in 1932, became the only alternative to starvation in the midst of plenty.

These conditions brought their inevitable result—the panic of 1947 in the Right, out of which that province is now only slowly emerging. That the Left has been wholly free for twenty years from any serious business setback gives conclusive testimony to the wisdom of its economists and civic leaders, who advocated and secured the adoption of its present system of taxation in 1932. For several years now no able-bodied man in that happy province has been idle by compulsion. Industry and trade and farming have so flourished as to offer new jobs speedily to all workers displaced by technological causes—or if any such have difficulty in readjusting themselves, the public service and public works offer temporary or permanent refuge. There has been little difficulty, also, in absorbing the two million or more unemployed workers who have emigrated from Right to Left in search of jobs during the last fifteen years.

Labor is so steadily and increasingly in demand throughout the Left that wages have risen higher and higher from year to year. This in itself has been a vital factor in the prosperity of the province, for the steadily mounting purchasing power of labor has furnished the only market abundant enough to absorb the increasing output of factories and farms.

AN INCIDENTAL benefit of freedom from business depression in the Left has been the almost total relief to government and industry in that province of the costs of insurance against unemployment. In the Right the rigors of the recent panic from which that less progressive province has recently been suffering have been somewhat mitigated for the workers by the reserves to meet such a contingency previously set up by industry and government. Practically all of the employers in the Right, however, are now voicing a strong preference for the economic justice of the Left as much better both for themselves and their workers than what they now describe as the charity heretofore necessitated by an outworn economic system.

Another advantage, not yet an actuality, is confidently predicted by economists and political scientists of the Left for the early future. This is the gradual scaling down, and perhaps the ultimate abolition, of the income tax.[1] The level of prosperity is so high, the short work-day and work-week have become so general, foolish thrift has become so scarce and wise spending for comfort and culture and pleasure has become so general, that there seems to be little danger that consumption in future will not keep pace with productive capacity to the full extent that the public interest requires. Moreover,

[1]There is a footnote here added by the American observers, stating that the reduction or removal of income taxes in Pragmatia will be greatly facilitated by the fact that Pragmatia is a peaceful land, with no debt burdens and pensions arising from past wars and no current expenses for armies and navies to fight future wars.

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the province and its counties and municipalities have acquired so much of the land from previous owners, and the remainder is so fully used, that the economic rent which could be collected in taxes —and paid without burden—seems likely soon to rise to an amount nearly great enough to cover all the necessary costs of government. As a result, most of the candidates now running for the Parliament of the Left have endorsed a proposal not only to continue the land tax in force as at present, but gradually to scale down the income tax to a possible vanishing point during the next ten years. The present inheritance taxes will be continued as a discouragement to excess saving; and it is also proposed to provide by act of Parliament that if at any time the index of unemployment should exceed one percent, the income tax will be restored or increased by executive order long enough to finance a previously planned public-works program, on a scale and with a speed great enough to make a depression impossible.

WHEN this committee began its deliberations its members, from their knowledge of conditions in the two provinces, were certain that the Right would do well to adopt the tax system of the Left. One problem puzzled some of us—the question of justice to the landowners. But we are convinced that most landowners of the Left who in 1932 had improvements on their property of value substantially greater than that of their land, have been gainers by the freeing of such improvements from all taxation. Many landowners had improvements and personal property the combined assessments of which, when the new system of taxation began to be applied in 1932, were substantially the same amount as their land-value assessments. Such owners found little or no change in the amount of their tax bills; for as their land taxes climbed on one flight of steps, their other assessments descended with equal speed on the parallel flight. And when they improved their homes or their farms, they were not penalized by additional assessments.

Many owners of vacant land promptly improved it, or sold it for improvement, when the land tax began to be applied, and thus had little or no loss. It must be admitted, however, that many owners of vacant or of poorly improved land in populous centers were unable or unwilling to pay the increasing land tax, and either sold their land at a sacrifice or donated it to the government. But because a great reform bears heavily on some who through legal fiction hold title to part of the surface of the planet, shall we say that mankind for all time to come must pay tribute to them and their "successors or assigns"? Suppose the entire area of any large city to have been originally "owned" by its founder, and that the title deed has passed intact from father to son as absentee owners for a hundred or a thousand years. Is it believable that the residents of that city would consider themselves morally bound in perpetuity to pay the entire economic rent of their city's land to heirs whom perhaps not one of the citizens would ever see, and who had never rendered the city any service? Would not a land tax, equivalent to most if not all of the economic rent, be the just and rational solution? And where there are thousands of landowners rendering no service *as owners*, does the principle differ?

No new tax can apply with entire equity to all affected by it. But surely the most equitable of all taxes is that fund which, to quote the land-tax manifesto of 1932, is "created and renewed inevitably by natural law" and "the collection of which would ultimately tax no individual's labor or savings."

HERE endeth the report of the Parliamentary Committee. To catch the December number of Survey Graphic, this document is being transmitted by radio from the airship America. Tomorrow we will send a brief supplementary message as to the result of today's election.

There follows a dispatch dated at sunrise the next morning:

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WHAT BECAME OF THE B. E. F.

(*Continued from page* 642)

his whistle. Six men were detailed to go out daily after food, "offered" said the Colonel "by kindhearted people." There was even a tobacco detail. The camp has an entertainment center, a chaplain, a hospital and a diet kitchen for under-nourished children. Children are sent to school in Denver in "staff" cars. There are no toilet facilities in the camp, but Colonel Joe, for a dollar a day, rents the toilets of a "garage across the river" for the use of his followers.

A census of the camp by the Citizens' Relief Department of Denver showed sixty-four families—seventeen of them residents—with ninety-eight children and forty-eight unattached men. Nearly all of the families have been wandering for years. Most of the men are unskilled laborers, long without regular employment. Colonel Joe is emphatic in stating that all are veterans. There are practically no privates in Colonel Joe's camp. Almost everyone has a title and an insignia of office along with definite responsibilities, which may be one reason, Miss Gunkle thinks, why they so cheerfully accept Colonel Joe's iron rule, and why the baby born in camp has been named after him.

The Pacific Coast, which was the beginning of the bonus trail, was not the end in any organized sense though its possibilities beckoned to many an individual who couldn't think of a better place to go. Seven men arriving in Oakland, California, insisted that they were on their way from Johnstown to their homes in New Jersey. The Portland, Oregon, contingent was one of the first to start for Washington, marching off with much ceremony. Since the return there is little evidence of organization except an occasional adventure such as hewing down a 122 foot fir tree to be sent to Washington and erected at Anacostia as a flag-pole memorial to that ill-fated camp. The big San Francisco delegation came back greatly depleted and so far as the social agencies of the city could discover never recaptured any group identity.

AFTER the Johnstown developments Los Angeles heard that the Bonus Army of California would encamp in Los Angeles County, which might mean anything. The County Welfare Department, the American Legion and the Red Cross chapter promptly put their heads together to plan for contingencies. As a matter of fact the first arrivals at the camp established at Maywood numbered forty-five men, sixteen women and seven children. The camp was later expanded, according to responsible social workers, to care for 117 persons, though certain local reports in Los Angeles put the number up to one thousand. The lure of gold prospecting drew many men away in the early autumn and by October only eight people remained.

This camp, like the others, was organized and is operated by the men themselves. The county supplied tents, blankets and cots. The men do occasional jobs in a local packing plant and on nearby farms in exchange for food. The Red Cross supplies flour and veterans' organizations provide clothing and some cash. The county physician and nurse visit the camp regularly. The children go to the Maywood school. Competent observers report an evident desire among the families to settle down and a marked willingness to cooperate with interested agencies to that end.

The evidence of "fading out" revealed by this cross-country sampling of the returned B. E. F. will no doubt be emphatically denied by the leaders of some half-dozen movements which sprang to the headlines after the Washington affair. The Uniontown convention by electing the absent Walter W. Waters, veteran of Anacostia, as commander, and by getting its "platform" before President Hoover, seems to have established a certain claim. But there are the Khaki Shirts of America to be reckoned with, and the Blue Shirts and the Bonus Army and the B. E. F. of Washington and the B. E. F. of Chicago and the B. E. F. of the Rank and File of America, and a half dozen other offshoots, each claiming to be the true defenders of the cause.

How substantial any of these organizations are, either in leadership or numbers, what political (*Continued on page* 666)

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(*Continued from page* 664) strength they hold—and they are not without ambitions—it is not possible to estimate. Certainly so far as the sampling process indicates no single organization has so rooted itself in any community that it is at this time a force to reckon with. What will happen later in the winter may be something else. The men who marched on Washington last summer are still without work, their families are still destitute. And it was the weary drag of months of idleness, of evictions, overcrowding and inadequate relief that set them going with the bonus as the symbol of their needs. But the rise of the movement then was too real and too spontaneous for any prediction to be made that it would not happen again and in a less happy-go-lucky way once the matter of the bonus is up in Congress. The future hangs it seems either on a revival of business that will provide jobs or on a really adequate scheme of relief the country over. Meanwhile for all immediate, practical purposes the rank and file of the B. E. F. of 1932 just went back home.

THE HOME SALES RACKET

(*Continued from page* 653)

principles that they have forgotten about the individual family problems of Mr. Jones and Mr. Brown and have never thought to use the money in a social way that would most benefit them, and produce at the same time really desirable and permanently valuable homes. The unparalleled collapse of earning power has altered the situation. Today the technique of mortgage investment is undergoing a change. The institutions loaning money realize that it does not suffice to lend money on sound construction alone. That where a neighborhood tends to become blighted additional protection must be set up. Today lending institutions must go deeply into the problems of house design, neighborhood planning and the economics of housing.

In contrast those who have loaned money on junior mortgages whether second or third, have been unhampered by legal restrictions upon the risks which they have run and they have been able to protect themselves by writing up the values of their second mortgages so as to discount these risks in advance. They have thus earned speculative profits and have reaped a rich reward so long as the home owner was able to meet his obligations, or to escape these obligations by selling his house at a paper profit in a rising market.

In times of deflation the owners have no escape. They can no longer meet the carrying charges upon inflated values. Mr. Jones goes to bed with nervous prostration and the responsibility for meeting these charges and the taxes then reverts to the second mortgagee. This is the contingency for which he prepared himself when he insisted upon a high discount for lending at all upon a second mortgage. The secondary mortgagee must be a man of even greater discretion than the first mortgagee. The penalty for a mistake is far heavier. Since the legal restrictions upon him are small, is it a wonder that he insists upon getting his discounts in advance?

The Government to the Rescue

ALL of the parties to the home-owning contract are in difficulties today. Mr. Jones cannot pay his interest and taxes. In many cases he has already lost his house through foreclosure. The second mortgagee has been unable to meet the widespread shift onto his shoulders of the responsibility for meeting payments which were formerly met by Mr. Jones. As a result the first mortgagee has begun to realize his investment is now threatened and that he in his turn must take up the responsibility for paying taxes and keeping the house in order. On its side the local government is beginning to take alarm and wonder where the taxes are coming from. In the face of shrinking values the situation is serious for all. It is so widespread that it has become a national problem. The vital question of the day is what can we do about it?

The national government has already acted. By creating the Federal Home Loan Bank it has set up an agency which will permit member organizations to deposit their first mortgages with the central bank in exchange for a cash discount of 50 per cent of the face value of these mortgages. This should (*Continued on page* 669)

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(*Continued from page* 666) be of great value to organizations which today have their cash assets tied up in small mortgages on individual homes which do not exceed $20,000 in value. There is need, however, for further action, and the public must, because of the nature of our federal constitution, look to the state governments for this.

Careful investigation should make it possible to disclose the underlying rights, needs and obligations of the various interests involved in home owning. It is better to reconcile, if possible, the common interests than to put the emphasis on the conflicting interests. Special state legislation is needed immediately which will permit the various parties in home ownership to enter into a trust agreement wherein either the first mortgagee or an outsider may act as trustee for the several interests. Foreclosure proceedings should be temporarily waived as an emergency measure, and permitted only after a trial of less drastic remedies. The owner in his turn may waive certain of his rights as owner and get a certain amount of relief and yet continue in possession. He may make payments during an emergency which though less in amount than his actual obligation may be equitably scaled to changed conditions. These payments at a lower rate of interest may be accepted by the holders of the first and second mortgages as reasonable in the light of the change in the prevailing rate of interest; in return for these considerations, the owner should agree to waive certain of his rights as owner in the event of a future possible sale or in the event of a possible sub-letting of his property.

There is nothing revolutionary in such a proposal. In reality it is similar to an agreement for a temporary receivership with a trustee administering the whole property to the just interest of all concerned. The advantages to be derived from such an administration should result in economies of administration as well as the protection of credit for all parties. There are many cases where it should prove advantageous to place the trusteeship of adjacent or similar properties in the hands of one party. It should be possible to formulate a wise policy for district administration and refinancing in the present emergency which will prevent the wiping out of the life's savings of many home owners, disastrous losses to the holders of secondary mortgages and uncertainty and risk even to the holders of many first mortgages. The advantages which can accrue to the community from a wise, conservative and well directed action are incalculable. The state governments could do far more to stabilize local communities where distress has arisen by regulatory legislation of this type than could be done by loaning huge sums of money in the vain effort to liberate credit for the building of new homes.

Protection Against a Recurrence

BOTH the government and the financiers share the responsibility for the future. The savings of Mr. Jones and Mr. Brown must be protected but their needs as human beings must not be forgotten. Financial interests should immediately adopt the rule that money cannot be loaned on mortgage unless the home is properly designed, well constructed, generally desirable and upon a firm economic foundation so far as its relation to the community is concerned. The old test of saleability will not suffice. The same type of information which has proved helpful to Mr. Brown must be popularized. The new housing science which has developed so rapidly in recent years must be brought to the assistance of both the financial interests and municipalities. The advice should be sought of those skilled in housing and city planning and in the economics as well as the aesthetics of neighborhood design. The great industry which supplies the homes to the American people must improve its technological efficiency. It must produce a better home for less money. It must not forget that the homes which it produces are capital goods which cannot earn their way merely by sale and turn-over. The real test of the value of capital goods is the economic use to which they are put. Homes must earn their way by the service of which they are capable. They must not be a burden and a drag upon us. Economic waste and exploitation of anything so vital as the homes in which we live is disastrous. The government, the forces of finance and the construction industry have a solemn obligation to the American people in which they cannot afford to fail.

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TEL.: ALGONQUIN 4-7490 **THE SURVEY** 112 EAST 19th STREET NEW YORK CITY

SITUATIONS WANTED

POSITION as Secretary—Stenographer—Typist, with social organization, desired by competent, wide-awake, experienced young woman. Good references. Available immediately. 7086 SURVEY.

WANTED: Position in Arkansas as family case worker or child welfare visitor by trained and experienced worker. 7097 SURVEY.

WOMAN, experienced in field work, promotion, publicity, lobbying, secretarial work, etc., seeks position with live organization. 7067 SURVEY.

RESEARCH WORKER, thoroughly experienced field, library, editorial, secretarial, statistical work, translation; various fields. Highly recommended. Columbia Ph.D. 7098 SURVEY.

SOMETHING DIFFERENT!

She is adaptable, good tempered, well educated, traveled. Knows stenography and office routine. Writes publicity. Can speak. Likes people. Has a social and human service urge. No specialist but an all-round woman. Haven't you some job that has been waiting for just such a woman that she can do to your advantage and — incidentally hers? 7090 SURVEY.

TO AUTHORS

Woman writer would like to collaborate in the preparation of manuscripts. Broad cultural experience. Good knowledge of social service and international movements here and abroad. Typist. Will go anywhere. 7091 SURVEY.

WOMAN executive; thoroughly experienced institutional work; desires position as executive head children's institution. 7093 SURVEY.

Advertise Your Wants in The Survey

PUBLICITY SERVICE

NEED MONEY ? NATIONAL SOCIAL WELFARE Agencies are buying our LISTS of known givers and other persons of wealth and culture. 30,000 New England names typed on 3 x 5 index cards as ordered. Ask prices. Publicity Service Bureau, Boston, Mass.

PAMPHLETS

Rates: 75c per line for 4 insertions

YES, YOU CAN STILL GET THAT PAMPHLET, **The Sex Side of Life, An Explanation for Young People** BY MARY WARE DENNETT. 35 CENTS A COPY, 3 FOR $1.00. Order from the Author: **81 Singer Street, Astoria, L. I., New York City.**

PERIODICALS

The American Journal of Nursing shows the part which trained nurses are taking in the betterment of the world. Put it in your library. $3.00 a year. 450 Seventh Ave., New York, N. Y.

Mental Hygiene: quarterly: $3.00 a year; published by the National Committee for Mental Hygiene, 450 Seventh Ave., New York.

APPLICANTS for positions are sincerely urged by the Advertising Department to send *copies* of letters of references rather than *originals*, as there is great danger of originals being lost or mislaid.

APPEAL

Mountainview Opportunity School, Langston, Alabama, solicits donations of clothes, books and equipment. Public School support meagre. The interest of philanthropic groups or individuals is asked to provide extra teacher for girls in their 'teens, to give special instruction in humble home-making. Singularly meritorious. **John B. Armstrong.**

Your Own Agency

This is the counseling and placement agency sponsored jointly by the American Association of Social Workers and the National Organization for Public Health Nursing. National. Non-profit making.

Booklet sent upon request

Joint Vocational Service
(Agency)
130 East 22nd St. New York

GERTRUDE R. STEIN, Inc.
VOCATIONAL SERVICE AGENCY
18 EAST 41ST STREET, NEW YORK
Lexington 2-6677
We are interested in placing those who have a professional attitude towards their work. Executive secretaries, stenographers, case workers, hospital social service workers, settlement directors; research, immigration, psychiatric, personnel workers and others.

For your December mail campaigns and Christmas greetings, you can use holiday letterheads, lithographed in color, at surprisingly small cost. May we show you samples?

QUICK SERVICE LETTER COMPANY
INCORPORATED
QSLCo
5 PARK PLACE — NEW YORK
TELEPHONE — BARCLAY 7-9633

THE FAMILY BILL FOR SICKNESS

(*Continued from page* 636)

they actually got and kept a still greater number from getting the care they needed. The risk of illness is like that of fire, accident and death: it is common to everyone. The difference is, of course, that though only a few people in any one year need to fall back on their fire or life insurance, nearly everyone needs some medical care within a year. Like losses by fire, medical costs for a person or a family cannot be predicted; when they come, they cannot be ignored, and usually they cannot be controlled.

The way Americans have devised for meeting common and serious risks is by insurance, which places upon each of the insured persons not his actual individual burden but the average risk of his group. For sickness bills also, the report concludes, the obvious procedure is some application of the insurance principle which would spread the uneven, uncertain and individually unpredictable risks. An insurance plan which ironed out the unevenness of any one of the four chief items in the bill—the charges of doctor, hospital, dentist or nurse—would have been a great help to the families who were hard hit by bills for that kind of service and a considerable help to all who incurred big bills for it. But by and large, the crushing bills confronting the unfortunate families in this representative slice of Americans could have been averted only by a plan under which risks were averaged for all four of these chief elements in the costs of medical care: by an application of the insurance principle that distributed over all the uncertainty and unevenness of their need for the services of hospital, doctor, dentist and nurse.

OHIO'S ANSWER TO UNEMPLOYMENT

(*Continued from page* 650)

and of civic and property rights, but children can't understand those principles which are taught in the home, the church and the school when they are thrown out into the street. . . . We find that there is an increase in delinquency in the districts where these conditions exist. . . . We are today producing problem children more rapidly than they can be taken care of by the character-building and the curative agencies of the community. . . . The rent will be paid in the broken and ruined lives of a multitude of children of both this and the succeeding generation. . . ."

The Commission has estimates from the counties of Ohio indicating that something like $50,000,000 will be spent by public and private agencies in 1932 for the relief of dependent families. More than four fifths of these expenditures are paid out of public funds. Community chests proved inadequate soon after the depression began. As more and more wage-earners were laid off by industrial and commercial establishments, more and more of the costs of support-

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ing them were passed on to the taxpayers. This year many community chest organizations in Ohio are not attempting to raise as much money as they did a year ago, although their needs are much greater. They know that more people cannot afford to give.

But neither can taxpayers afford to meet the bill. Nevertheless they will have to bear the burden of unemployment cost despite their reduced property values and their reduced incomes. Three special sessions of the legislature have had to be called in order to authorize special relief measures, to devise special taxes and to borrow money from the federal government for unemployment relief. There is much discontent against the mounting burden. But it is vain to expect that taxes will come down as long as the cost of unemployment must be paid from public treasuries.

That the problem in Ohio thus resolves itself into a choice between unemployment insurance and the dole is now acknowledged. During the first year of the depression much was heard about the dole in England and other European countries. But when private charity funds were exhausted and more and more public relief was doled out to the unemployed, it became plain that Ohio and the United States had unconsciously and unwillingly adopted the dole as the main method of dealing with unemployment. Commenting on the diversion of gasoline taxes and auto license fees to the relief funds The Cleveland Plain Dealer wrote last spring:

> True it is a dole, a short and ugly word, which scares many people. But we've been having the dole in Cleveland for the last two years and we can't revamp our relief funds overnight to eliminate it. . . . Whatever one may think about doles, the immediate problem is to relieve the urgent need of some twenty thousand Cleveland families, innocent victims of the depression.

Program of Relief and Protection

THERE will always be a place for charity, both public and private, in dealing with the effects of unemployment. Certain classes of casual workers, certain physically and mentally deficient laborers, work only intermittently in the best of times and they present needs regardless of the ability of industry to provide employment. Their unemployment results from personal rather than industrial causes. They cannot be helped by insurance and the Ohio bill does not cover them. The custody, relief and character-rehabilitating services that social agencies provide, rightly deal with such unemployable and partially employable people.

Depressions augment dependency of other sorts which insurance cannot cover. Recent experiences of community chest organizations show that even apart from the burden of giving direct aid to the unemployed their funds are likely to be overburdened during hard times. Moreover the rise of public relief during the last three years may have an adverse effect on voluntary contributions. The Ohio Commission notes the concern of chest officials over this problem and suggests to the legislature a state-wide study "with a view of reorganizing, redefining and rearranging the duties and responsibilities of public charity and its relations to private charity to meet more effectually and economically the needs of modern industrial life." The present situation calls for such a study: the adoption of unemployment insurance, shifting back onto industry responsibility for indigence of industrial causation, makes it imperative. The Commission also suggests that the public authority charged with administering the insurance fund should be authorized to study, develop and promote the use of public works as prosperity reserves, employment exchanges, vocational guidance, training and retraining and other constructive measures.

In conclusion the Commission holds that if the state is to have sound industrial growth and is not to be overwhelmed with a pauperized unemployed population, it must be prepared with a comprehensive program. "Such a program cannot be built at once. We need to begin immediately, however, by building the basic structure of unemployment insurance. With this as a foundation the state can afford to move slowly and carefully in the development of the additional measures that are needed. In the absence of insurance, nothing effective can be done to deal properly with unemployment, because all efforts are swamped by the urgent need of distributing doles."

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